BEATTY — TO THE READERS OF "COIN'S FINANCIAL SCHOOL" AN ANSWER

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To the Readers of Coin's Financial School

AN ANSWER

BY

GEN. JOHN BEATTY.

MANSFIELD, OHIO, Aug. 17, 1895.

Mr. S. K. Donavin, Columbus, Ohio:

DEAR SIR — I heartily commend to the public the clear and excellent answer by Gen. John Beatty to "Coin's Financial School." General Beatty's writings attracted my attention when published in the current newspapers, and I was much pleased with them. Now that they are published as a whole in pamphlet form, I recommend the largest circulation that can be given to them. They contain, from a business standpoint, full answers to all the fallacies in "Coin's Financial School," and will do much to inform our people of the importance and necessity of maintaining the present standards of value. Every one ought to be familiar with the facts stated in this pamphlet, which I regard as the best presentation that has been made of the sound money side of National finances.

Very truly yours,

JOHN SHERMAN.

HAMILTON, O., August 24, 1895.

MY DEAR DONAVIN — I am in receipt of the advance sheets of Gen. Beatty's reply to "Coin's Financial School." It is like all of Gen. Beatty's work, terse, vigorous, interesting and instructive. I predict for it a wide circulation with much resulting good.

Sincerely,

JAMES E. CAMPBELL.

TREASURY DEPARTMENT, OFFICE OF THE TREASURER,
WASHINGTON, D. C., Aug. 20, 1895.

Mr. S. K. Donavin, Columbus, Ohio:

DEAR SIR — I am in receipt of your esteemed recent favor, also of the copy of the vigorous, straightforward statistical pamphlet "An Answer," by Gen. John Beatty, to which you especially invite the attention of the readers of "Coin's Financial School."

The subject of the financial question, which is so generally in the public mind, will lead those who desire to understand the bearing of the currency as affecting the welfare of the country to investigate from every standpoint the effect of maintaining a standard of values of coin, or its representatives, so that the money of the United States shall go unchallenged as equal in value to that of any country in the world. Our continued prosperity is dependent upon a sound unquestioned currency. With your suggestion carried out, to add the speeches of Secretary Carlisle and others to General Beatty's papers, it will make a strong combination of facts and figures that must prove convincing to many who are searching diligently on patriotic business lines to serve the best interests of the people generally.

Respectfully yours,

DANIEL N. MORGAN.

TO THE READERS OF

"Coin's Financial School."

An Answer

By

GEN. JOHN BEATTY,

Of Columbus, Ohio.

PUBLISHED BY S. K. DONAVIN, OF COLUMBUS, OHIO.

1895.

MONEY IN USE FROM 1792 TO 1861.

BEFORE entering upon the consideration of Mr. Harvey's book, permit me to occupy five minutes in a review of the monetary history of the United States from the Revolutionary period to the beginning of the great Civil War.

The bimetallic standard was adopted in 1792, the relative values of the two metals being fifteen of silver to one of gold—that is to say, one ounce of gold was then esteemed in law and commerce the equivalent of fifteen ounces of silver; coins of both metals, whether large or small, were made a legal tender in payment of all debts.

When two metals may be used concurrently as a medium of exchange, both endowed with the legal tender quality and open to free and unrestricted coinage, there is a force affecting them as invariable in its operation and effect as the law of gravitation. It is known as Gresham's law, and declares that bad money or cheap money will always drive dearer or better money out of circulation.

The reason for this is obvious. If gold is worth more elsewhere than here it will be sent away and sold for the profit there is in the transaction, and silver being relatively the cheaper money, will remain to pay debts and facilitate exchanges.

The bimetallic standard, as I have said, was adopted in 1792, but under the operation of the law referred to, gold began to disappear in 1805; by 1810 it had become exceedingly scarce, and before 1820 it had wholly vanished. The country was thus left with a single standard, consisting mainly of the worn and clipped

coins of other nations which for a time were by law a legal tender.

In 1834 the ratio of one ounce of gold to sixteen of silver was established in order to tempt gold back again, and then silver became the dearer metal, and it disappeared, the effect of the change of ratio being simply to substitute gold for silver, and continue the single standard. From that time (1834) to the beginning of the Civil War, the country had practically but one standard—one measure of values, and that was gold.

Bimetallism, or the double standard, during the first half century of our existence as a nation, therefore, was at best nothing more than a legal fiction, inoperative and void. What we did have in fact were disturbing alternations from the single silver standard to the single gold standard, and this latter, as I have said, was the standard in this country from 1834 to 1861, and no living soul during that period of twenty-seven years ever objected to the gold standard, or suggested that the silver standard would be preferable to it, or that any man or class of men could be injured by it, either in simultaneous exchanges or in making contracts for future payment. It was this gold money our Democratic friends delighted to talk about on the stump. It was the money used by our banks as a basis for circulation. It was this standard by which the value of every piece of our property was measured. How could it have been otherwise than I have stated, for from 1792 to 1861 there had been less than eight million and a half of silver dollars coined, and these under the operation of Gresham's law had, after 1834, gone to the melting pot, and thence to the bullion buyers of other countries.

The suspension of specie payments occurred in December, 1861, and from that date to January, 1879, the country had in circulation neither silver nor gold. During this period of eighteen years the value of commodities was measured, or guessed at, by an inconvertible and constantly fluctuating paper currency—a currency composed of promises to pay dollars at some indefi-

nite period in the future. These paper dollars were at one time thought to be worth 35 per cent. of their nominal value; at another 50, 60, 70, 80, 90, and finally, eighteen years after their first issue, they were redeemed in gold. There was in fact never a contract made in this country between individuals on the bimetallic or double standard basis prior to the passage of the Bland-Allison law of 1878. All we have heard, therefore, about the "dollar of our fathers" is idle chatter concerning a dollar which from 1834 to 1879 the fathers never saw and never even thought of in connection with their exchange of products, or the promises they made for the future payment of money.

The truth is the so-called "demonetization" of silver in 1873 resulted practically from the act of 1834 changing the ratio of the two metals, and from that of 1853 reducing the amount of pure silver in fractional coins, and limiting their legal tender power. The members of Congress who favored the law of 1853 openly avowed their intention to adopt and hold fast to a single standard.* The act of 1873, which silver men so bitterly denounce, simply called attention to a fact that to all intents and purposes had existed for nearly half a century, to-wit: that the standard money of the United States was gold.

JOHN BEATTY.

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* Pages 79–80 Laughlin's History of Bimetallism.

"Coin's Financial School."

REVIEW OF FIRST CHAPTER.

A BOOK containing 155 pages, with many so-called pictorial illustrations, written by a Mr. W. H. Harvey, has been issued by the Coin Publishing Company of Chicago. It bears the title of "Coins Financial School," and from this one might reasonably infer that it contained valuable facts with respect to monetary matters. A thorough investigation of the contents, however, will show that it is full of misinformation, half truths, whole falsehoods, absurd assumptions, and empty but oracular utterances.

The first chapter is, in part, devoted to the money unit. The Congress of the United States in 1792, the author tells us, "fixed the monetary unit to consist of 371¼ grains of pure silver, and provided for a certain amount of alloy to be mixed with it to give it a greater hardness and durability." Suppose this were true, what does it amount to? The act of one congress is no whit more sacred and binding than the act of another congress. Thousands of laws have been repealed, or amended, and for good reasons. If the act of April 2, 1792, had remained in full force we should have had no gold money from 1820 to 1860, and not much silver. The old copper cent containing 11 pennyweights of copper would have still been in circulation, and the alloy for standard gold coins and standard silver coins would have remained unchanged.

As evidence that the fathers did not regard the law of 1792 as a finality in money matters, we find that by the act of 1834 the gold dollar, or unit, was reduced from 27 grains of standard gold to $25\frac{8}{10}$ grains; the silver dollar, or unit, from 416 grains standard silver to $412\frac{1}{2}$ grains. By the act of 1849 single gold dollars, or units, were authorized, and by the act of 1853 "a coin of gold of the value of three dollars, or units," was coined.

The idea that any human law must remain forever unaltered or unrepealed is not only the veriest rot, but, if heeded, would be an obstruction to all progress.

The act of 1792, however, did not "fix the monetary unit to consist of $371\frac{1}{4}$ grains of pure silver," etc. It simply made a monetary unit of silver and called it a dollar, just as previously in the same section of the law, gold coins were authorized of the value of dollars or units. Twenty-seven grains of standard gold under that act constituted a dollar or unit in precisely the same way that 416 grains of standard silver made a dollar or unit. The provision for gold dollars or units in the law preceded the provision for silver dollars or units, and men simply quibble over words and trifle with the good sense of people when they attempt to show that the act of 1792 made a silver dollar the unit and hence the dominating coin in the original monetary scheme of the United States.

The Spanish milled dollar was the dollar best known to the people of this country in 1792, and hence it was that congress interjected into the act of 1792 an estimate or illustration of the value of a dollar which all could understand, by using the words, "of the value of the Spanish milled dollar as the same is now current." As evidence that the law did not intend to prefer silver to gold, or to make coin of the former metal the dominating unit in the measurement of values, I quote from section 11 of the act fixing the ratio of gold to silver: "The proportional value of gold to silver in all coins shall be as 15 to 1. That is to say, every 15 pounds of pure silver shall be of equal value to one pound of pure gold." The dollar is the unit in our

monetary scheme, for a unit is as indispensible in finance as in mathematics; but this unit may be either a dollar of gold or a dollar of silver, and the act of 1792 so provided.

Section 20 of that act declares "that the money of account in the United States shall be expressed in dollars or units, dismes or tenths, cents or hundredths, mills or thousandths," etc. But it does not say that the dollars and "dismes" which constitute the "money of account" shall have reference only to dollars and "dismes" of silver.

Hamilton, in the report on which the law of 1792 was founded, said, "the unit in the coins of the United States ought to correspond with 24 grains and three-fourths of a grain of pure gold and with 371 grains and one-fourth of a grain of pure silver each, answering to a dollar in the money of account." Jefferson insisted upon the adoption of the name dollar for the unit because this name and the value attached to it had become familiar to the people of the United States through the use of the Spanish milled dollar.

By the act of February 9, 1793, gold coins of Great Britain and Portugal were made a legal tender at the rate of 100 cents for every 27 grains. It will be observed here that the value of gold was counted from the copper cent and not from the silver dollar. When Mr. Harvey therefore affirms (page 7) that "gold was made money, but its value was counted from these silver units or dollars," he gives expression to an absurdity, and when he prolongs this idiotic drivel through ten or twelve pages, he makes even a vigorous man weary.

Mr. Harvey devotes five pages of the first chapter of his book to a rambling discourse on what he calls "the crime of 1873." This alleged crime was perpetrated in a revision and amendment of the coinage laws of the United States. The act of which he complains is popularly but erroneously known as the act demonetizing silver. The minor coins by this law were continued with all the legal tender power they had possessed since 1853. No provision, however, was made for the

coinage of silver dollars, for the simple reason that they would then have been worth three or four per cent. more as bullion than as coin, and if coined they would have gone at once to the melting pot and disappeared. In fact, at the time, there were no United States silver dollars in circulation, and had been none since about 1834. It would seem to be about as difficult to demonetize a coin which did not exist as to kill a dog already dead.

Notwithstanding all Mr. Harvey says to the contrary, the law to which he objects was deliberately considered. The bill went through both branches of congress, not in haste, but after much discussion. The secretary of the treasury called attention to it in 1870, 1871 and 1872, and the printed discussions of the bill cover 140 pages of The Congressional Globe. When Mr. Harvey affirms that "the newspapers on the morning of February 13, 1873, and at no time in the vicinity of that period, had any account of the change," he accuses them of gross lack of vigilance and enterprise; and if Senator Daniel of Virginia, ever said the bill went through congress "like the silent tread of a cat" he was at the time making a harrangue to his wild-eyed constituents and not giving testimony under oath before a court of justice. The truth is, when the bill was under consideration nobody was foolish enough to insist that the government should enrich bullion buyers by giving them 103 cents' worth of silver for 100 cents, and hence there was no opposition to dropping the silver dollar from the list of pieces to be coined.

In the concluding paragraphs of his first chapter Mr. Harvey introduces, with much display of incorruptible honesty and superior intelligence, a table of an English statistician giving the quantity of gold and silver in the world, both coined and uncoined, at six periods, beginning with the year 1600 and ending with that of 1890. It is just as impossible to tell how many grains of gold and silver there were in the world coined and uncoined in either 1600, 1700, 1800 or 1890 as it would be to number the fleas in Egypt, or the mosquitoes in the everglades of Florida. All statisticians

can do is to make an estimate of the gold and silver in sight — in public banks and national treasuries — and to indulge in rough guesses as to the amounts in the hands of the people. This way of making estimates leaves almost infinite room for the expression of individual preferences. If the statistician desires much or little of either metal to suit his own views, he will make much or little. But what has all this to do with the question of the free coinage of silver in the United States? Nothing, Mr. Harvey is simply pumping wind, not making argument.

Silver has been assigned to its true position among the money metals of the commercial world, and in this position it is being more freely used to-day as money than it ever was before since time began. Not an ounce of it has been driven out of circulation by what Mr. Harvey is pleased to call demonetization. His pretentious but shallow arguments in favor of the propositions he attempts to discuss might, perhaps, be creditable to the intelligence of the boy of 12, whose likeness adorns the cover of Mr. Harvey's book, and who is set forth as the instructor of "Coin's Financial School," but I should suppose a full grown man would blush to own them.

REVIEW OF SECOND CHAPTER.

In the first chapter of "Coin's Financial School" Mr. Harvey is supposed to have convinced an imaginary audience of boys that the following falsehoods were truths, to-wit:

1. That the silver dollar was the dominating unit in the original monetary system of the United States.
2. That this dominating unit was secretly "assassinated" in 1873.

In the second chapter he congratulates himself upon his success as an instructor, and fancies the newspapers and financiers of Chicago are amazed at his wisdom and overwhelmed by his logic; indeed, throughout the whole book his imaginary triumphs are set forth in such gorgeous colors that a reader is inclined to suspect the capitalists of the Windy City had quietly, but with villainous intent, mixed opium with his chewing gum or firewater with his milk.

After dwelling quite sufficiently on his own superiority to other men, Mr. Harvey proceeds to give us further information about ratios, but as we had in his first chapter all the instruction with respect to this matter an intelligent reader needs, we shall skip his superfluous remarks, and review his sham discussion with Mr. Lyman Gage. Mr. Gage is a real person, but the controversy Mr. Harvey claims to have had with him never occurred — that is to say, it is wholly fictitious, or in other words, a plain lie. But Gage is represented to have been in attendance at Coin's school, and is said to have asked the following question: "How can you have, at any fixed ratio, the same commercial value on two separate metals that are from time to time varying in quantity of each produced?"

The answer to this should have been, "The same relative commercial value can not be maintained on two separate metals that are from time to time varying in quantity of each produced." The tables which Mr. Harvey introduces on pages 31 and 34 would have conclusively proven the substantial correctness of such an answer. But Mr. Harvey answers the question in another way, and this is his answer:

"All commercial values are regulated by supply and demand. The commercial value of any commodity depends on supply and demand. If the demand for a particular commodity is continuously rising and the supply does not increase, the commercial value will continuously rise." (P. 27.)

This is in part correct, and was evidently in part taken from some reputable writer on political economy. but it should be remarked that it is impossible for the demand on any commodity to be "continuously rising;" nor is it possible for the commercial value to continuously increase, for if it did the commodity would attain a point beyond the reach of even a millionaire. As prices increase demand diminishes, and if prices increased "continuously" the demand, instead of "continuously rising," would finally altogether disappear.

Mr. Harvey continues: "When the mints of the world are thrown open, and the governments say 'we will take all the silver and gold that comes'"—

I break this sentence simply to call the reader's attention to the fact that Mr. Harvey speaks of the "mints of the world" and the "governments" of the world, and not of a few of the mints of the world, nor of the mints of the United States alone.

"—an unlimited demand is established. The supply is limited, and the demand pulls them both plumb up to the point." The point referred to is equal commercial value at the ratio fixed.

Before proceeding to an examination of what Mr. Harvey has said about the "power of unlimited demand," permit me to call attention to the fact that he does not himself propose to wait until "the mints of

the world are thrown open" to the free coinage of silver. On the contrary, as will be seen on many pages of his book, but notably in pages from 130 to 150, he advocates independent bimetallism—free coinage by the United States alone. Thus far, however, he has dodged the issue he finally makes prominent, and throughout his book he distorts arguments which are only pertinent in support of international bimetallism to the maintenance of his scheme of independent free coinage. The reader in this discussion, therefore, should keep clearly in mind the difference between international free coinage and national free coinage. That is to say, the free coinage of silver by all nations at a ratio agreed upon and the free coinage of silver by one nation or by a few nations.

If all "the mints of the world were thrown open," and all the governments of Europe were disposed to "say we will take all the gold and silver that comes," it might not be amiss for the United States to become a party to the arrangement, and I should certainly not, as a voter, interpose an objection to it. But while international free coinage is one thing, and has the support of multitudes of intelligent, honest and patriotic men, independent or national free coinage is quite another matter, and means simply a partial repudiation of public and private debts, the annihilation of national credit, and the utter disregard of all considerations of commercial honor.

In the one case our silver money would be the money of commerce, good here and equally good elsewhere. In the other case, it would be a local currency, worthless as money in any country but ours. In the one case gold and silver at a reasonable ratio might not greatly deviate from each other in commercial value. In the other silver would circulate as a nominal dollar in the United States, and be worth only fifty cents in Europe. In the one case gold and silver could both, perhaps, be kept in circulation together. In the other, gold being the undervalued metal, would, under the operation of Gresham's law, go to some country where it was more highly esteemed. International bi-

metallism means substantially the same yardstick—the same measure of values the world over. National or independent free coinage of silver means precisely what Mexico has now, to-wit: a so-called silver dollar worth but fifty cents.

It is this independent or national free coinage which Mr. Harvey advocates, but in doing so he cunningly weaves into his alleged arguments facts and figures which alone are applicable to the support of international bimetallism, and thus confuses, misleads and deceives those who read hastily or are unfamiliar with the subject. The truth is, he does not want international bimetallism, for the reason that it would make a better dollar than he desires. It is his avowed purpose to pay a dollar of debts with fifty cents worth of silver.

To go back now to Mr. Harvey's alleged reply to Mr. Gage's alleged question, it will be observed he affirms that in the contingency he suggests an "unlimited demand" would be "established." The words "unlimited demand" are simply trick words. All demand for money is limited to the necessity which exists for money to measure the value of commodities or to facilitate their exchange. As these commodities are limited, the demand for money can not be unlimited. The idea that there could be an unlimited demand for yardsticks to measure a limited supply of cloth is nonsense, and it is equally absurd to say that there could be an unlimited demand for money to measure a limited supply of commodities. When there is no demand for meal, men do not take corn to the mill, and if they did, their grist would be of no commercial value, and so when there was no demand for money, men would not take bullion to the mint, and if they did, it would simply add bulk, not value, to the world's stock of coin. The whole of Mr. Harvey's argument, from the beginning of the book to the end of it, based on what he assumes to be "the power of unlimited demand," must fall with the rotten premise upon which it is constructed. Indeed, it would be much nearer the truth to affirm that the supply of money metals is unlimited, than to say the demand for money

is without limit. This ridiculous chatter about unlimited demand, we can not have too much money, etc., comes down to us from the advocates of irredeemable paper money. Men who do not desire to pay their debts in full have always favored a cheaper dollar, and always will.

Mr. Harvey seeks by lengthy tables of figures (p. 31-34) to show how nearly gold and silver kept pace with each other in commercial value at certain ratios in a run of many years. These statistics may possibly be pertinent in an argument favoring international bimetallism, but they have no relevancy whatever to independent or national free coinage, and he uses them simply to confuse and deceive those who have given monetary questions but little thought. On page 35, for illustration, he says: "From 1687 to 1873 the commercial ratio of the two metals was never lower than 1 to 14.14, and never higher than 1 to 16.25, a variation of only about two points."

Now, two points, in the parlance of the stock exchange, means two cents. A stock that has advanced two per cent. on its nominal value is said to have gone up two points. A stock that has declined two per cent. of its nominal value is said to have gone down two points, and hence two points to the general reader seem a matter so trivial as to be hardly worth considering. But is it so in this case? What does Mr. Harvey mean by two points? He did not dare to say, for the variation he refers to was a variation of over two ounces of silver worth, prior to 1873, over $1 per ounce in gold. The variation of over $2 between the commercial ratio and the legal ratio of one ounce of gold and 16 ounces of silver is no slight thing to the commerce of the world; and yet when all civilized countries, except England, were on a bimetallic basis, deviations of the market ratio from the legal ratio were constantly occuring. It may be true that the divergence at times was not great, but it was great enough to banish gold from the United States from 1810 to 1834; great enough to drive silver coin from circulation in this country from 1834 to 1853; so great that in 1834 gold sold in

Philadelphia at a premium of from 4 to 4½ per cent. The "two points" referred to by Mr. Harvey would have put a premium on either gold or silver of over 11 per cent., and yet in this day a premium of $\frac{1}{10}$ of 1 per cent. on either gold or silver is enough to carry the higher-priced metal to the melting pot, or to foreign countries, and so take it out of circulation. The reader should bear in mind in this connection that the half of 1 cent is 6 per cent. interest on $1 for one month. If a bullion buyer can make his turn of coin at one-half per cent. profit within fifteen days, he will make at the rate of 12 per cent. per annum on his money. If the profit is 1 per cent. he will make 24. If 2 per cent. his profit will be at the rate of 48 per cent. per annum; and so the "two points" referred to by Mr. Harvey would mean not only 300 per cent. per annum to a bullion buyer who could keep his money actively employed, but the disappearance of the undervalued coin from circulation, and a distressing stringency in the money market of the country where the coin was undervalued. England did not adopt the gold standard until 1816. Prior to this date all civilized countries were on a bimetallic free-coinage basis, and yet even then, as has been stated, the differences constantly occurring between the market ratio and the legal ratio of the two metals, caused much inconvenience and great loss to them. England was compelled to limit the coinage of silver in order to retain her needed supply of gold. The United States in 1834 was obliged to change the legal ratio to 16 to 1 in order to call back the gold which had disappeared under the ratio established by the act of 1792. France, Germany, Belgium, Italy, Spain, Portugal, Austria, Netherlands, etc., have all in recent years limited the coinage of silver for the very purpose of securing and maintaining a sufficiency of the coin of both metals in concurrent circulation. The free coinage of silver in the absence of an agreement between commercial nations, means simply silver monometallism for some and gold monometallism for others. Restricted coinage of silver is the nearest approach to actual bimetallism attainable without an international agreement.

It is folly to talk about the quantity and kind of money in circulation 50, 100 or 500 years ago. The vital query is what kind of money is required to-day to facilitate exchanges and carry on the increased and increasing commerce of the world. Civilized nations have made their decision respecting this matter and have chosen to leave their mints open to the free coinage of gold and the restricted coinage of silver, and by this method they have been able to keep a sufficiency of the coins of both metals in circulation.

In his discussion of the quantity of gold and silver in the world, Mr. Harvey says (p. 39): "The dislocation of the parity of the two metals by the demonetization of silver and the attempt to maintain our credit in gold has reduced the redemption money of the world from $7,747,590,215 to $3,727,018,869, or a little less than one-half the original amount."

There are three assumptions in this statement wholly unfounded.

1. There has been no "dislocation of the parity of the two metals" except in Mexico and other countries having free coinage and a silver basis. The commercial countries of the world, like England, Germany, France, and the United States, have provided against this "dislocation" by recourse to the restricted coinage of silver, and in these countries gold and silver are maintained on a parity with each other.

2. There has been no "demonetization" of silver. The word, though in common use, is a misnomer. There has simply been a limitation of the coinage of silver.

3. The so-called "redemption money of the world" has not been reduced to the extent of a single farthing.

The stock of the world's gold is estimated at $3,965,-900,000; silver, $4,055,700,000; total, $8,021,600,000.

Of this total $7,401,700,000 is a full legal tender in the payment of all debts and $619,900,000 is endowed with limited legal tender power. Every dollar of the whole sum is redemption money in the sense that it has itself no redeemer, but is the metal or money in which all substitutes for money are redeemed, and all

debts about which there is or is not any controversy legally paid.

In conclusion let me recapitulate the points which should be thrown out of Mr. Harvey's financial gasbag, for with their dismissal the bag will have shrunk from the handsome dimensions of a balloon to the size of an ordinary bladder.

1. The statement that the silver dollar was the dominating unit in the original monetary system of the United States is not true, and hence all the argument founded upon this statement is simply rubbish.

2. The statement that this alleged dominating unit was secretly "assassinated" in 1873 is incorrect, and hence all the invective based upon this error is empty and valueless.

3. The assumption that there can be an unlimited demand for money for the measure or exchange of a limited supply of commodities is a self evident falsehood, and hence the argumentative structure built on it is as unsubstantial as a bubble.

4. Mr. Harvey and those who agree with him seek not international bimetallism, but independent free coinage and a cheaper dollar, hence his tables of statistics and arguments in support of international bimetallism are used with fraudulent intent, and have no relevancy whatever to the question of independent free coinage to which he is committed.

5. Under modern conditions a premium of one-tenth of one per cent. is enough to carry either silver or gold coins out of circulation; hence his proposition to open the mints of the United States to free coinage of silver means the loss of from $600,000,000 to $1,000,000,000 of gold coin from our currency.

6. Every commercial country of the world has found that in the absence of an international arrangement, a stabler and more abundant supply of money can be obtained by the restricted coinage of silver than by the free coinage of silver, hence independent free coinage would, according to the experience of nations, be not simply a calamity but a curse.

7. The redemption money of the world, the money of ultimate payment, primary money, or whatever else coined money may be called, which is its own redeemer, is more abundant to-day than ever before, and as fully clothed with purchasing and debt paying power as it ever was.

REVIEW OF THIRD CHAPTER.

"IF THERE were no money and we had to depend on exchanging property for property, we could find a subsistence, but there would be no such thing as our present civilization, or anything like it." (P. 44.)

Certainly not, and neither would there be if we had an inferior money—a bulky and inconvenient currency like that of Mexico, China and Japan. It was for the purpose of getting rid of the vexatious and expensive delays of barter that this thing of money—something of great value in small compass—was devised. But under Mr. Harvey's scheme of independent free coinage, 2,000 silver dollars would weigh 124 pounds avoirdupois—more than a keg of nails—and yet be worth only $1,000 in the markets of the world. Will any sensible man claim that such cumbrous money would be an aid to trade and commerce or a promoter of civilization?

"As stagnation and depression would result from having no money, then a part of these evils can be brought about by having money insufficient in either quality or quantity." (P. 45.)

True, and it is for the reason suggested, that independent free coinage would prove to be a calamity to business. By substituting a silver dollar worth 50 cents for a silver dollar worth 100 cents, we should get "insufficient quality," and the moment the value of

the silver dollar was reduced below its present standard gold would go into hiding or abandon the country, and thus leave us with insufficient "quantity." Hence it is that such a combination of the two metals should be maintained as will keep both of equal value and both in circulation.

"One (silver) was the money of the people — the other (gold) of the rich." (P. 46.)

It is to be hoped the rich still constitute a part of the people, but whether they do or not it is nevertheless true that people who labor with their hands and live by the sweat of their faces own the bulk of the money of the country. There are 4,739,194 savings bank depositors alone, and this number is probably greatly exceeded by laboring men and women who have money deposited in other banks or hid away in stocking legs or in their pockets. These industrious and frugal workers and their families constitute one-third or one-half of our whole population. The rich do not, as a rule, hold money or keep it idle. They invest in realty like the Astors, railroads like the Vanderbilts, and manufacturies like the Carnegies. The money of the people is now good. Shall it be made poor on the false pretext that only the rich would be robbed?

It is alleged that Mr. John R. Walsh asked this question: "How can the government, by passing a law, add a cent to the value of any commodity?" (P. 47.)

Permit me to interject between this question and Mr. Harvey's alleged answer to it, a few questions and answers of my own. Who constitute the government? The people. How does it raise money to pay for anything? By taxation. Who pays this tax? The people. How then can any law authorizing an expenditure, extravagant or otherwise, for this or that commodity, add value to the commodities of the whole people? It can not. On the contrary, a law requiring the consumption of horses, food, clothing, etc., as in war, not only adds nothing to the wealth of a nation, but diminishes its resources just to the extent of the waste incurred. Mr. Harvey, however, first frames the

alleged question to suit himself, and then answers it in this way: "Suppose that Congress should pass a law to-morrow authorizing the purchase of 100,000 cavalry horses and the government entered the market to get these horses. Horses would advance in value." (P. 47.)

Horses would advance not by reason of the law, but by virtue of the fact that the government had become a large consumer of horses. The total value of the horses consumed, however, would be a direct loss to the people, and this loss would more than counterbalance any gain to the country which could possibly result from the general advance in prices which such a purchase by the government would occasion. In other words, while the dealers in horses would get a little more for their beasts, the owners of other commodities would not only pay the increased price, but in time be called upon to pay for 100,000 dead horses. This, however, is not all. The advance in prices of horses would be at best temporary. The increased demand would soon create an increased supply, and prices would soon drop back to old figures. To illustrate the folly of attempting, by legislation, to add permanent value to commodities, let me call attention to the fact that Congress, in 1890, authorized the purchase of 4,500,000 ounces of silver per month. This was a new and extraordinary demand, and under it silver advanced from \$1.07 an ounce to \$1.16; before the year ended, however, it fell to \$1.05. In 1891 it dropped to 95 cents. In 1892 it fell to 84 cents, and in 1893 to 73 cents. Thus it is that supply responds promptly to demand.

"On its becoming known that the (Congressional) Committee would report in favor of a high tariff on sugar, the market value of the stock of the American Sugar Refining Company advanced 15 per cent." etc. (P. 48.)

The law may now, as in 1862–64, compel a man to accept a 50-cent dollar in full payment of a 100-cent debt. It did authorize the sugar trust to steal some \$12,000,000 or more from the consumers of sugar. But such laws add nothing to the wealth of the

country and nothing to honest men's respect for legislators, and yet it is just such robbery as this that Mr. Harvey would have the government sanction by authorizing the free coinage of silver and the payment of a 100-cent debt with a 50-cent dollar.

"Credit money is a title to commodity money. * * * Credit money does not add anything; it facilitates—makes convenient the transactions of business, just as your wheat certificates add nothing to the exchange value of wheat." (P. 53.)

Mr. Harvey has told us about redemption money, property money, primary money, and now to confuse the simple minded reader still further, he talks about commodity money, and yet all these things are the same thing and that thing is money. Money is recognized by mankind as a thing of value, and by this universally known thing of value the value of other commodities is measured. Money not only serves a similar purpose with respect to value that a yardstick does with respect to cloth, but it has a further attribute not belonging to the yardstick. It will often, if not always, be accepted in exchange for the commodity it measures. In other words, money is a medium of exchange and a measure of values, and may be used solely as a measure, or conjointly as a measure and a medium. As a medium it should be recognized the world over as intrinsically valuable. As a measure its value should be as nearly unchangeable as it is possible for the ingenuity of man to make it. Mr. Harvey, on page 54, tells us that "money is a measure of value and each dollar is a part of that measure;" but he seems unable to comprehend that this measure, to be an honest one, should be unvarying.

How, it may be asked, can the value of a commodity be measured by money in the absence of an actual transfer for money? Every intelligent man has in his mind a conception of the value of a dollar. He knows how much labor it will buy, or how much labor it takes to get it; how much of this or that commodity it will exchange for, and how much annual interest it will bring. By this ideal standard he measures the value

of other things and expresses his estimate of that value in dollars, and yet a million estimates may be made and as many exchanges effected without the actual use of a single dollar of money. The important quality in money, therefore, is its unchangeableness, not its quantity. Activity in use renders quantity a matter of secondary importance. When men have confidence in the capacity and integrity of each other, $1,000 accomplish more work than $1,000,000 do in periods of distrust and panic. The threat of free coinage and a cheaper dollar is now doing more to cripple business and keep men out of employment than all the other evils which afflict the country.

Notwithstanding what Mr. Harvey has said to the contrary, neither a greenback, a bank note nor a promissory note of any kind "is a title to commodity money." It is simply a promise to pay a dollar in money, and this promise may be fulfilled, or may not. Nor is the promise to pay a dollar always based on money. In many instances it is founded on property which may be readily exchanged for money, or used in redemption of the written or printed promise to pay money which has been issued. Nor is it true in all cases that these promises to pay dollars are not valuable independently of the thing we call money. They are often a lien on realty or personalty, and hence may be redeemed, and quite often are redeemed in houses, lots, lands, merchandise, etc.

When Mr. Harvey says what he calls "credit money" "facilitates" exchanges, and "makes convenient the transactions of business," he virtually concedes that in every exchange it facilitates and every debt it pays it performs with respect to the exchange, and the debt the full office of property money, commodity money, redemption money or primary money, and so to the full extent to which these promises to pay money pass from hand to hand in the liquidation of debts, or the purchase of commodities, they discharge the whole duty of what he calls "the money of ultimate payment." In other words, in so far as the individuals are concerned who tender and accept this

so-called credit money, it effects a complete settlement and final discharge of all obligations, and hence is "ultimate."

I think it safe to say that in 999 cases out of every 1,000 the promise to pay a dollar is no more based on money than a wheat certificate is based on half-bushel measures. What renders the promissory note of an individual acceptable is the real estate or the visible personal property behind it, not the money in the man's pockets.

Mr. Harvey tell us that "three lines of credits are built up on primary money: (1) credit money — paper bills and all forms of token money — all redeemable in primary money; (2) checks, drafts, bills of exchange, and other forms of like paper payable on demand; (3) notes, bonds, accounts, and other forms of credit, payable at a particular day in the future," etc. (P. 55.)

How do business men make out a statement of their assets and liabilities? Do they simply count the money on hand, and then make an estimate of their indebtedness, and because their indebtedness exceeds this money, conclude they are bankrupts? A farmer has 160 acres of fertile land, with houses, barns, and live stock. He owes $100, and perhaps has not in his possession $5 of "primary money." Is he insolvent? A merchant may have $100,000 worth of merchandise, and his sales may amount to $1,000 per day. If he owes $20,000, and has but $500 of "commodity money" on hand, is he unworthy of credit? If the country had 10,000 millions of such "primary money" as Mr. Harvey would create, the money would be among the least valuable of its possessions. To say that primary money, redemption money, commodity money, the money of ultimate payment, or any other money is the foundation of our credit system, is equivalent to saying that the merchant's line of credit is and should be based on the number of yardsticks in his store; the warehouseman's on his scales; the wine dealer's on his gallon measures; and the butcher's on his steelyards. Property, real and personal — houses, lots, lands, live stock, agricultural products, railroads, vessels, manu-

factories, merchandise, petroleum, coal, iron, copper, gold and silver mines, as well as gold and silver coin, are the true basis of our credit system. Money simply measures the value of these things and facilitates their exchange. The grease on the axle of the wheel is not the most important thing about a wagon, and does not sustain the load. It simply contributes to the easy movement of the vehicle. The panics Mr. Harvey refers to, and notably those of 1837, '57, and '73, resulted from over speculation and an inferior currency. The panic of 1893 sprang from the general belief that under the silver legislation of 1890 the country was rapidly approaching a silver basis. The repeal of the purchasing clause of the Sherman law restored confidence and ended the monetary fright. On pages from 56 to 64 Mr. Harvey has not only written himself down an ass several times, but by his absurd pictorial illustrations has shown that he holds an indefeasible title to the cognomen.

In concluding let me call attention to certain facts which Mr. Harvey seems unable to comprehend:

1. That the abandonment of the money of the civilized world and the adoption of a cumbrous and inferior currency would be a step in the direction of barter and barbarism.

2. The far larger share of the money of any country belongs to the laboring classes, and hence the loss resulting from its debasement would fall most heavily on them.

3. The law can add nothing to the value of a commodity without detracting an equal or larger sum from the value of other commodities.

4. While money substantially measures all values, it comes into actual use in comparatively few exchanges. "Commerce is an exchange of produce against produce. So much imported, so much exported."

5. "Credit money," or a "warehouse certificate," to the full extent to which it passes from hand to hand in the liquidation of debts, or the purchase of com-

modities, discharges the whole duty of the "money of ultimate payment."

6. The credit system is based on all property, real and personal, and not alone on what John Stuart Mill says is intrinsically the most "insignificant thing in the economy of society," to-wit: money.

REVIEW OF FOURTH CHAPTER.

MR. HARVEY has hitherto endeavored to beguile the reader into the belief that prior to 1873 the differences between the commercial value of gold and silver at the ratios established had always been so slight as to create no disturbance in the monetary affairs of nations. If this proposition were well founded it would afford no support to his scheme of independent free coinage, for prior to 1871 the mints of all countries, except England, were open to free coinage of both metals, and the result which followed such a condition of affairs could not be expected to ensue from entirely different conditions. In other words, all nations might do what one alone could not accomplish.

But Mr. Harvey has thus far omitted to notice particularly certain well-known incidents in the history of bimetallism, which if left unexplained were likely to overthrow even his irrelevant arguments and tables of statistics, and so he now alleges that Professor Laughlin asked this question:

"Is it not a fact that several times prior to 1857 silver coin sold at a premium as high as 8 per cent. over gold?" (Page 68.)

"Yes, that is true," Mr. Harvey replies, and then on page 69 continues, "We were speaking of silver and gold bullion, and not of silver coin."

In other words, Mr. Harvey admits that silver coin sold at a premium of 8 per cent. over gold, but does

not concede that there was at any time such difference between the mint value and the market value of gold and silver bullion as would unfavorably affect trade and commerce. He, therefore, undertakes to explain why silver coin attained to so high a premium, and says:

"A demand often arises for small money. . . . This was the case in New York last year, 1893, when silver dollars commanded a premium of 3 per cent—not because of the silver being worth more than a dollar, but because factories had to have small bills . . . in paying off their men. They paid the same premium for one and two dollar bills." (Page 69.)

There are three errors in Mr. Harvey's answer thus far. During the panic of 1893 gold, greenbacks and national bank notes were suddenly withdrawn from banks and from circulation by frightened depositors. So large were these withdrawals and so general was the hiding away of money by the people that there was a currency famine in the land. The banks of New York, Boston, Philadelphia and other large cities practically suspended payment, adjusted their balances by means of clearing house certificates, and declined to honor checks drawn on them in money of any kind. During the latter part of the period covered by this monetary scare, money in New York, whether small or large, paper or metal, commanded a premium, not in exchange for gold, greenbacks, or national bank notes, but in exchange for checks on banks from which at the time no money could be obtained.

It is not true that this demand for currency came solely from the proprietors of manufactories, for these, as a rule, managed to go through the financial storm with "credit money" of their own making. The demand for currency came from those who could use ready money more advantageously than bank checks, on which no money could at the time be realized. And so it came about that men would exchange a certified check calling for $1,030 for $1,000 of any kind of money, small or large.

It is not true that any one during the panic of 1893 exchanged bank notes, greenbacks or gold "for silver

dollars and paid a premium of three per cent." for them. The government had not suspended payment, and hence stood ready to pay out silver dollars on demand in exchange for either greenbacks, gold certificates, silver certificates, treasury notes or gold. It will be seen from all this that Mr. Harvey's answer thus far is at least disingenuous, if not wholly false. He continues: "A great inconvenience had arisen for the want of small money"—

Where had it arisen, and when? Mr. Harvey does not state, but he is now referring to "several times prior to 1857."

—"and a premium had to be paid to get it. At the time you speak of"—

Professor Laughlin is alleged to have referred to "several times prior to 1857," not to any particular time.

—"nearly all of the small money was made from silver"—

More small money is now made from silver than ever before in the history of the world.

—"and on account of the French premium for silver our silver was leaving us"—

The United States had free coinage then—independent free coinage, just the sort of free coinage Mr. Harvey now proposes to have the government establish. Why then did our silver abandon the country? Because in the absence of an international agreement the two metals under free coinage can not be kept in circulation together. France took our silver because after 1834 we undervalued it. Independent or national free coinage means, as I have before stated, simply gold monometallism for some, silver monometallism for others, and bimetallism for nobody.

—"Small money was scarce"—

Where?

—"and frequently commanded a premium"—

Here or in France?

—"Not on account of the value of silver bullion, but upon the demand for small money."

This as a whole is about the most senseless and indefinite statement it has ever been my luck to encounter. Does Mr. Harvey mean that France bought up our silver coins and paid more than bullion prices for them? The French people had never used our silver money; but even if our coins had been familiar to them, why should France pay eight per cent. more for our coin than for our bullion when at a cost of less than one-half of one per cent. her mints could have converted bullion into franc or five franc pieces? Nonsense! American silver left America not because there was a scarcity of small money abroad; not because our silver coin was worth more in France than silver bullion, but because having lost our gold under the 15.1 ratio of 1792, we sought in 1834 to tempt it back by fixing the ratio at 16.1. By this change of ratio we induced gold to return, but drove silver to countries where it was more highly esteemed. Under the act of 1792 we had silver monometallism; under that of 1834 we had gold monometallism, and finally by the restricted coinage of silver since 1873, we have secured bimetallism, the very thing Mr. Harvey pretends to want, and yet foolishly objects to.

It may be possible, however, that Mr. Harvey intended the reader to infer it was in this country and between our own people that "silver coin sold at a premium as high as eight per cent. over gold prior to 1857," and that this premium was due not to an under valuation of silver by the law of 1834, and the consequent exportation of silver bullion to countries where it was more highly valued, but solely "to a scarcity of small money." Let us, therefore, give him a toss on this horn of the dilemma and see where he lands.

Under the act of 1792 any person could take his silver bullion to the mint and have it coined into small money for nothing. If, however, he was in great need of money, as men often are for meal, and could not wait his turn to have the bullion coined, the law provided that he might, by consent of the director of the mint, exchange it without delay for coin at a cost of one-half of one per cent. of its value. Under the ope-

ration of this law, therefore, there was no good reason why silver money should be scarce when silver bullion was abundant. Under the act of 1853 the minor coins were heavily alloyed for the very purpose of keeping them at home and in circulation. This law provided that any person could take gold money to the mint and get in exchange for it—dollar for dollar—silver halves, quarters and dimes. From 1853 to 1861 gold bullion was relatively cheaper than silver bullion and gold coin was more abundant in the United States than silver coin, and so long as gold coin continued abundant and the government stood ready to receive it in exchange for its alloyed minor coins, there would naturally have been no scarcity of the latter, and in truth there was not. When Mr. Harvey, therefore, seeks to account for the fact that silver coin prior to 1857 sold for a premium as high as eight per cent. over gold, by attributing it wholly or in part to a trivial scarcity of small money, he betrays a readiness to resort to any subterfuge in order to uphold his cause.

Mr. Eustis is now said to have asked what nations constituted the Latin Union. Mr. Harvey answers, "France, Belgium, Italy, Switzerland, and Greece." (P. 70.)

"Then," said Mr. Eustis, "the Latin Union, Germany, and the United States had by free coinage maintained the commercial value of silver (?) at par with gold."

"Yes," replied Mr. Harvey.

The alleged question of Mr. Eustis should be dismissed for indefiniteness. Nobody claims the commercial value of gold and silver were ever the same. What Mr. Harvey intended to ask himself was whether the Latin Union, Germany, and the United States had at a fixed ratio maintained silver and gold at equal commercial value—that is to say, worth dollar for dollar the world over.

To this question Mr. Harvey answered "yes," and yet he must have known that his answer was untrue, (1) by his own tables of statistics; (2) by his statement, page 10, that silver in France was "worth $1.03\frac{1}{8}$ when exchanged for gold"; (3) by his statement on

page 19, to-wit, "at the time the United States demonetized silver . . silver as measured in gold was worth $1.02"; (4) by his admission on page 68 that silver coin had sold at a premium of eight per cent. over gold; (5) by the statement on page 69 in which he says "on account of the French premium for silver our silver was leaving us"; (6) by his assertion on page 135 that "France and the Latin Union maintained a premium on silver for forty years." When an individual is convicted of lying out of his own mouth it can not be either unparliamentary or unjust to brand him a liar. It is in this manner, at any rate, that ministers of the Gospel characterize Satan when he wilfully indulges in falsehood.

The truth is, from 1810 to 1834 gold virtually abandoned the United States, because it was undervalued, and hence for 24 years was at a premium, occasionally as high as 4 to 4½ per cent. From 1834-5 to 1861, substantially, all American silver, except the heavily-alloyed minor coins, provided for by the act of 1853, left the country, and during this period silver bore a premium over gold.

Mr. Eustis, still eager for more falsehoods, asks: "And the United States was the first of these to attack silver and demonitize it?" (P. 70.)

"Yes," Mr. Harvey answers.

This "yes" was as untruthful as the other. There was not an American silver dollar in the United States to be either demonetized or attacked in 1873, and practically had not been one for nearly 40 years. Silver here was worth more as bullion than as coin, and hence the only circulation a silver dollar could have had was from the mint to the melting pot. But on still another ground Mr. Harvey's answer would have been false. Germany took the preliminary steps toward limiting the coinage of silver December 4, 1871, and completed the work July 9, 1873. The first attack by the countries mentioned, therefore, was made on silver in 1871.

What Mr. Harvey has to say (pp. 70-71-72) as to the probable or possible value of gold and silver in case they were not used as money, has no relevancy

whatever to either the question of national free coinage, or international free coinage, and hence in this discussion is of no consequence to anybody. His pages 73 and 74, as to the cost of producing silver, are simply filled with ridiculous verbiage. The idea that the money wasted by Chicago speculators on mining ventures should be counted in an estimate of the cost of silver production is as preposterious as it would be to say that the money paid for the bogus bricks which swindlers sell to ignorant countrymen for gold should be counted in the cost of producing the yellow metal. His reply to a greenbacker (pages 75-76) is a weak attempt to discuss an abandoned issue, but in it he accidentally stumbles on an actual fact, which is to a certain extent just as applicable to his independent free coinage 50-cent silver dollars as to paper money. He says: "When the danger became imminent that the government was not able to enforce its legal tender character, having no commercial value, it (the paper money) would become more or less worthless." He might truthfully have added that in the same exigency the silver dollar would drop to its commercial value — 50 cents.

In fact, a currency endowed by law with legal tender force beyond its commercial value often becomes worthless, or comparatively worthless, while the government has full power to compel its acceptance in the payment of debts. The assignats of France, the continental currency of the fathers, the money of the Confederate states fell, and continued to fall, and while this gradual extinction of value was in progress continued a legal tender in the payment of debts at the nominal or face value. When legal tender money like that of the Confederate states becomes nearly, if not absolutely valueless, debts are easily paid and every payment is an act of robbery authorized and enforced by law.

As specimens of Mr. Harvey's financial slush let me present to the reader two paragraphs from page 77:

"Paper money always takes its (redemption money's) place at such times (war times) the people, however, are not injured by it"—

This depends wholly upon whether the paper money issued is kept at par with the money of the world. If it falls below par somebody must be injured by it, and if it becomes altogether worthless, multitudes are ruined by it.

—"They (the people) store away their good money, and have it in their possession ready to use at any time"—

How much gold and silver did our people "store away" during the war of the revolution and during the great civil war? How much was found stored away in the South when the rebellion collapsed? Not a dollar.

—"and it becomes especially useful if the other money should become entirely worthless."

Of course good money would be "especially useful" if there were any, but there would be comparatively none. During long periods of depreciated paper money the better money does not simply go into hiding, but the bulk of it goes abroad. In war times imports exceed exports, and the balances are paid not in paper money, but in the money of commerce. In this way in part, and by the activity of the bullion buyer in part, during a great war a country is often stripped of its better money and left to depend mainly, if not wholly, upon its paper currency. When this currency becomes "entirely worthless" the wealth of the nation is diminished to the full extent of the original value of the currency lost, for every dollar of this currency represented at one time or another 100 cents worth of labor or of commodities. The continental currency of the fathers and the paper money of the Confederate states will suggest the extent of the losses sustained by the people by reason of the gradual decay of their paper money. The financial condition of the fathers at the end of the Revolution, and of the Confederate states at the end of the civil war, will show that no good money had been stored away to take the place of paper money when its value should disappear. Indeed, the financial condition of the North at the close of the war will fully sustain all I have said with

respect to the scarcity of gold and silver in the country.

—"As the paper money fluctuates from day to day all are taking chances alike"—

False. The old who are living on the interest of money earned in their more vigorous years; the widow and orphan for whose support provision has been made by investment in bond or note; the workingman who depends for subsistence upon his daily wages; the corporation which is restricted by law to certain rates or charges for its services; the endowed churches, colleges, hospitals, etc., whose incomes are derived from interest-bearing securities; the soldier to whom pension money is due; the man, whether rich or poor, who has loaned money on mortgage, or otherwise; the man who has sold a farm or house and lot, and accepted promissory notes for the deferred payments; all these and multitudes of others have no chance at all at such a time, except the chance to be robbed, and this, soon ceasing to be a chance, becomes a certainty.

—"If it (the paper money) becomes wholly worthless, all have suffered more or less proportionately"—

"More or less proportionately" is at least somewhat indefinite, if not entirely meaningless. A man sells a farm, receiving one-third down and notes for the deferred payments. When the notes mature they are paid in paper worth 5 or 10 cents on a dollar. Do the buyer and the seller in this case, and in a million other similar cases, suffer "more or less proportionately?" No. The seller experiences all the suffering, and the buyer, who gets the farm for comparatively nothing, kicks up his heels for joy. In fact, there is no "more or less proportionately" involved in the transaction. I fear Mr. Harvey's mental apparatus at this point in his lecture needed readjusting. His likeness, on page 26, indicates that the wheels in his head are "more or less proportionately" large and small, and hence not at all unlikely to get "more or less proportionately" out of whack.

—"And primary money immediately takes its place."—

Was this the case when John Law's paper money bubble exploded in France in 1720? Not at all. Gold and silver had abandoned the country, and hence could not immediately take the place of the worthless paper. I quote from a history of that time: "A few individuals acquired large fortunes while thousands of families were ruined, and the nation sustained a shock which it did not recover from for many years." How was it when the continental currency became valueless? Did primary money rush in dollar for dollar to take its place? Peletiah Webster said the continental currency had killed more men, destroyed more property, and impaired the patriot cause more than all the arms and arts of the enemy combined. How was it when the Confederate money became worthless, did gold and silver immediately take up the burden for which it had become unfitted? Nonsense. If there had been a live animal exhibit at the Chicago World's Fair Mr. Harvey would have been decorated with the blue ribbon for being the biggest financial ass in the United States.

What Mr. Harvey says about money based on labor, pages 78, 79, 80, I shall skip. It is simply thrust in to pad out a thin book, and has no relevancy to any known issue alive or dead. His statement (p. 81) that the silver States and the owners of silver mines would not be specially benefited by a scheme which would enable them to convert 67 cents worth of bullion into money enough to pay 129 cents of debts, is so obviously untrue that I pass it without comment. What he says of the relative value of silver, wheat, nails and calico (p. 81) I shall answer in due time, and shall then have something to say also about improved facilities for production (p. 84). The tariff proposition (p. 85) I leave to Mr. Harvey and Mr. Kohlsaat, and should be pleased to see the contention between them end like the fight of the Kilkenny cats. But Mayor Hopkins is said to have asked a question (p. 88) to which I desire to give a moment's attention. The question is this:

"What effect (had) the adoption of the gold standard (by governments) on those nations using a silver or bimetallic standard?"

Mr. Harvey's answer in part, but substantially in whole, is as follows (p. 89):

"Take our South American republics. During the last thirty years they have been getting deeper and deeper into debt to England"—

Is it not strange that Englishmen who lack the wit to comprehend and apply Mr. Harvey's so-called principles of finance should still have wit enough to outwit our South American free coinage silver republics?

—"And during the last twenty-five years these debts have been made payable in gold"—

England has been on a gold basis not for twenty-five years only, but for seventy-five, and during this time all debts have been paid to her either in gold or in what was equivalent to gold. There has been no shortening nor lengthening of her measure of values. If independent free coinage has plunged these South American republics into distress, would it not be well for us to avoid independent free coinage? If gold and the restricted coinage of silver has given England access to all ports and made her the foremost commercial nation of the world, would it not be well for us to draw a lesson from her experience and adhere to the free coinage of gold and the limited coinage of silver? Shall we follow the example of the successful or the unsnccessful?

Now to recapitulate:

1. Mr. Harvey's attempt to account for the premium on silver coin on the pretense that there was "a scarcity of small money," is a failure.

2. His statement that the Latin Union, Germany and the United States had at a fixed ratio maintained silver and gold on a parity with each other, is shown to be false by his own statements.

3. The danger and loss which he alleges might ensue from governmental issue of paper money, would result as certainly but with simply diminished force from the independent free coinage of silver.

4. Paper money may become, and often has become, almost wholly worthless, while the government issuing it still exercised power to compel its acceptance in payment of debts.

5. When depreciated paper money is a legal tender in the payment of debts at its face value, better money leaves the country, and this would be the case if independent free coinage were adopted and silver dollars issued worth less than 100 cents in the markets of the world.

6. When the money of a country depreciates in value, the people of the country sustain a loss equal at least to the full amount of the depreciation. In other words, if $1,000,000 of currency should decline from par to nothing, the direct loss to the people would be $1,000,000, and the indirect loss resulting from embarrassed trade, etc., might amount to a still larger sum.

REVIEW OF PART OF FIFTH CHAPTER.

"THE TOTAL value of the property of the world is about 450,000 million dollars. The available gold and silver money of the world combined is about 7,500 million dollars. The available gold money in the world is about 3,700 million dollars." On page 98 Mr. Harvey concedes that the amount of gold money may be 3,900 million dollars—"Their proportion in values to each other is represented by these three globes . . . the large one represents the value of all the real and personal property in the world, the larger of the two small ones represents the face value of the silver and gold in the world available for use as money. The large one is sixty times as large as the one representing silver and gold." (P. 95.)

No one can know definitely the money value of the real and personal property of the world. Statisticians give the land value, house value, and other values for the better known portions of the globe, but Asia, Africa, sections of South America, and many of the islands of the seas afford no data upon which anything like ac-

curate estimates can be founded. When Mr. Harvey, therefore, says the total value of all the property of the world is about 450 billions, he may or may not have erred to the extent of 50 billions either way; but this insignificant sum is of course of no consequence to one whose marvelous genius can double the value of the property of the world by simply endowing 50 cents with the name and legal tender power of a full dollar, and as I am myself not disposed to higgle about trifles, I shall accept his estimate, and count the earth and its contents worth 450 billions of gold and silver money.

How much gold and silver there was in use as money prior to 1493 it is impossible to tell. We know, however, the metals have from time immemorial been considered precious, and that they are comparatively imperishable, and hence likely to accumulate. Cyrus's booty from Asia in gold and silver amounted in value to $40,000,000. Alexander took from Persia $400,000-000. Julius Cæsar seized in the Roman treasury 520 tons of gold and 700 tons of silver, together worth $375,000,000. What amount of gold and silver of that old time descended to the people of modern days, no statistician can determine. From 1493 to 1850, however, we have estimates, not altogether well founded, as to the amount of gold and silver produced, which for lack of anything more reliable, statisticians accept, and and from 1850 to the present time the estimates of gold and silver production are substantially correct. The figures for these periods are as follows:

From 1493 to 1850	Gold	$3,314,553,000
	Silver	7,378,450,000
From 1850 to 1893	Gold	5,484,473,000
	Silver	3,381,017,000
Total		$19,558,493,000

How much of the gold and silver produced prior to 1493 and subsequent to that year is now being used as money must be left mainly as a matter of conjecture. Men do not endanger their lives by boasting of their treasures, nor encourage tax inquisitors by exhibiting the contents of either stocking legs or strong boxes.

The amount of the precious metals coined into money within the past 200 years may perhaps be a matter of record, but this, even if certainly known, would not enlighten us as to the amount now in circulation, for coin is often smelted for use in the arts, or reduced to bullion and recoined. It is known, of course, how much gold and silver there is in governmental depositories and public banks; but further than this it is impossible to speak with certainty. According to recent estimates, however, the stock of the world's gold and silver money is as follows:

Gold coin	$3,965,900,000
Silver coin	4,055,700,000
Total	$8,021,600,000

Having said this much by way of preface, permit me to call attention again to Mr. Harvey's globes (p. 95) and to his statements with respect to them.

The property of the whole world, real and personal, is by the globes represented as 60 times more valuable than money, and yet on pages 56, 57 and 58 Mr. Harvey seemed oblivious to the fact that there existed a broader and more substantial foundation for the credit system than money. In other words, he then erroneously assumed that money and not the property of the world was the basis of the credit system, and that it was too limited in quantity to afford that system the necessary support Now he seeks to show that the quantity of money is too small to measure the value of the world's commodities and facilitate their exchange. His first proposition had, as I have shown, no leg to stand upon; and the last, as I shall show, has not even a shadow to sustain it.

On page 54 Mr. Harvey said: "Money is a measure of value, and each dollar is a part of that measure." Now, as a measure of value, let us see whether the gold and silver of the world are sufficient to measure the property of the world. If the farmer's crop of wheat were but sixty times larger than his bushel measure, it would be less than an hour's task for him to measure it. If the amount of wheat were even 500 times larger it

would perhaps require two days to measure it with one bushel measure. The merchant does not require as many yardsticks as he has yards of cloth; nay, one yardstick is more than sufficient for 60 or 600 or 6,000 yards of cloth. It would be preposterous to suppose that the wine merchant required one gallon measure for every sixty gallons of wine in his cellar. If Mr. Harvey's statement is correct that the property of the world is but sixty times larger in value than the money of the world, it would indicate that the measure of value would have not only a light task to perform, but much leisure.

The measuring quality of money, however, is not its only attribute. It is also a medium of exchange; but before we consider whether the money of the world is sufficient in quantity to facilitate the exchanges of the world, let us examine the property globe, which is sixty times larger than the money globe, and see just how much of its contents requires the use of money.

In the first place, money itself is a part of the property of the world, and yet needs no money to facilitate its exchange; by excluding this from the property globe, the latter will shrivel somewhat. In the second place, the lands, houses and lots of the world seldom change hands, and hence make comparatively little, if any, demand on money; these will amount in value to over 200 billions. Withdraw this sum from Mr. Harvey's larger globe and it is left limp and lopsided, like a balloon from which the gas is rapidly escaping. But this is not all, the value of the railroads, ships upon inland and outland seas, the contents of museums, galleries of art, libraries, the looms, spindles and implements of manufacture, furniture in offices hotels and houses, the silver and gold plate, pictures and statuary of all the homes of the world, the products of farms and gardens consumed by those who raise them, beasts of burden, milch cows, and animals kept for breeding purposes, and hence, as a rule, not offered for sale, farm implements, etc.; all these would amount in value to probably 40 billions. We have then 8 billions of money, 200 billions in lands, houses and lots, and 40 billions

consisting of railroads and personalty of various kinds; altogether 248 billion dollars worth of property, which should be withdrawn from Mr. Harvey's property globe, because not on the market and hence neither in need of money to measure values, nor facilitate exchanges.

The property in the property globe for the exchange of which money may be required, is now only about half as large as it was, and but thirty times greater in value than money. But there is still another important factor in this problem, which Mr. Harvey failed to take into account, to-wit: the fact that in commercial countries ninety-five per cent. of the exchanges are effected by means of checks, drafts, bills of exchange, and the other commercial instrumentalities which banks supply, and that actual money is only needed to adjust balances. One day last month drafts calling for one hundred and forty-eight million dollars went through the New York Clearing House, and yet nine million dollars in greenbacks, treasury notes, national bank notes, or gold and silver coin adjusted the balances, and was the only actual money needed in the payment of drafts or other obligations calling for one hundred and forty-eight million dollars. The checks on banks of Columbus which go through the Clearing House aggregate three to four million dollars a week, and yet they offset each other so nearly that often a whole week, and sometimes a whole fortnight, passes without a single dollar of paper or metal money changing hands. The balances involved being small, the creditor banks do not go to the trouble of collecting them, and hence run their Clearing House checks through the Clearing House until in the course of business they are cancelled. In this way $3,000,000 or more of debts are paid or commodities purchased without the actual use of a dollar of any kind of money.

Take ninety-five per cent. therefore, from the 202 billion dollars still remaining in Mr. Harvey's globe and we have left but little over 10 billion dollars'

worth of property for the exchange of which actual money may be required.

Again there is another factor in this problem which Mr. Harvey has ignored, to-wit, the element of time. Commodities are not all offered for sale on any single day, week, month or year. The value of money is not extinguished when it extinguishes a debt or facilitates an exchange. One thousand dollars may in the course of a month pay a million dollars of indebtedness, or facilitate exchanges aggregating a million dollars in value, and still be as fresh and useful as before this work was accomplished. If all the 450 billion dollars' worth of property of the world were sold and bought each year it would be quite possible for the present supply of money under present conditions of credit, rapid transit, and telegraphic communication to perform the work with ease.

Let us for illustration make a somewhat violent assumption, to-wit, that 8 billion dollars of the world's metallic money could be made available in the settlement of 8 billion dollars' of balances in a single day. By multiplying 8 by 300 business days in a year we should then get the total of the balances which this 8 billion dollars would adjust, 300 x 8 = 2,400 billion, or over five times more than the estimated value of all the property of the world. This 2,400 billions, however, being only five per cent. of the total transactions, we should add to it ninety-five per cent., the latter being the percentage of means which banks and substitutes for money supply in effecting exchanges, and we have the sum total of exchanges possible to be made under this assumption on a basis of 8 billions of primary money, to-wit, 48,000 billions. Mr. Harvey's beggarly 450 billions of property, therefore, sinks into insignificance when contrasted with the possible power to effect exchanges possessed by money supplemented and directed by the commercial genius of the age. But let us assume that the 8 billions of the world's metallic money would adjust but 8 billions in balances each week, the sum total of balances adjusted in this case would be 416 billions. An adjustment of 8

billions per month would be 96 billions per year, and this would represent transactions aggregating 1,900 billions. Mr. Harvey should, therefore, multiply his 22 cubic feet of gold (p. 101) and his 66 cubic feet of silver (p. 104) by 300, by 52 or by 12, and so obtain a reasonably correct notion of the power of money not only as a measure of values, but as a medium of exchange, and if his brain is large enough to allow a robust idea to develop in it he will in the way suggested get to understand the true function of money and the relation it bears to the commodities of the world.

Money never becomes scarce while the honesty and solvency of men remain unquestioned. In times of fear and distrust occasioned by threats of repudiation, or an absence of high commercial honor, it goes forth eagerly but cautiously, as the dove from the ark, to see if there is any solid ground on which to alight. Money was never so abundant in the history of the world as it is to-day. Since 1873, the world's stock of gold has been increased to the extent of $2,382,000,000, while the silver coin of the world is also greater than it was then.

Suppose a self-assumed wise man should make the discovery that the wheat, corn, beans, rice, potatoes, turnips, and onions of the world amounted altogether to 450 billion bushels, and that there were only 8 billion bushel measures to measure these products in, would you become apprehensive that there was a lack of measures in the world? But now suppose this alleged wise man were to tell you the only way to avoid starvation was to double the number of bushels of the products named, and that this could be done by cutting the old bushel measure in two, and thereafter calling a half bushel a bushel; what would you say to the proposition? You would say the man who made it was a fool. This is substantially what Mr. Harvey proposes to do for the United States. He proposes to call a half dollar a dollar and so double the value of the property of the United States, "as expressed in dollars." (P. 96.) Would there be more property

after it was done than before? Not a cent's worth. No more farms, no more grain, no more merchandise, no more trade or commerce, no more of anything. If Mr. Harvey thinks the name of a thing is the essence of the thing, why not go to the logical end of his tether by endowing a cent with the name and legal tender power of a dollar, and so elevate the prices of commodities a thousand per cent. instead of one hundred? If he seeks some metal for use as money that will occupy more space than gold and silver, let him adopt iron. He could fill a forty-acre lot with pig iron and pile it twenty-two feet high, or even one hundred feet high. Steel dollars would be durable, and by the change of one letter they could be made to designate the purpose Mr. Harvey seeks to accomplish, to-wit, steal dollars.

Money is money, and our money should be the money of the world, good at home and abroad. Wherever on the globe an American dollar might find its way, it should represent a sturdy people — disposed to toe the mark, to do as they agreed, to pay their debts, and ask odds of nobody. Mr. Harvey would make Americans sneaks, swindlers and thieves, indifferent alike to the honor of the nation and their own personal obligations. He talks about war with England and tells us what a good thing it would be. This was Dick Turpin's style, and that of the late Jesse James. Every bandit and robber seeks a war with somebody because he wants to plunder somebody.

In conclusion permit me to call attention to a paragraph which is suggestive of either inebriety or insanity:

"In what language can we characterize the men behind the scenes, who knowingly are directing the world to the gold standard? . . . . *Imps of Hell* unchained, banqueting in selfish glee upon the heart's blood of the world." (P. 103.)

If there are any benevolently disposed persons in Chicago, I trust they will keep an eye on Mr. Harvey; he evidently needs at times either the admonitions of a police magistrate, or the straight jacket of an asylum for lunatics.

FIFTH CHAPTER —Continued.

"UNTIL 1873 the primary money of the world was both silver and gold at a parity." (P. 106.)

I have already shown that this statement is untrue, but in a few words, and by Mr. Harvey's own admissions, its untruthfulness will be exposed a second time. That gold and silver were not "at a parity" Mr. Harvey admits on page 10, when he says, "silver in France was worth \$1.03⅛ when exchanged for gold"; page 19, "silver measured in gold (in the United States) was worth \$1.02"; page 69, "on account of the French premium our silver was leaving us"; page 135, "France and the Latin Union maintained a premium on silver for forty years."

—"They were virtually one metal"—

He has himself shown they were virtually two metals in the sense that under independent free coinage they could neither be maintained at a parity nor kept in circulation together.

"The demand for primary money was met by both metals"—

Prior to 1873 the demand for primary money was not met by the coin of both metals. On the contrary, it was always met by the cheaper metal—by the metal which was a legal tender for more than its commercial value.

—"The relative valuations of property to money, and money to property, adjusted themselves accordingly"—

If Mr. Harvey means that the value of commodities was always estimated in gold and silver, and neither in gold alone, nor in silver alone, nor in greenbacks alone, nor in irredeemable paper money alone, he knows little of the monetary history of his own

country and less of that of the world at large. In the United States from near 1792 to 1834–5 the value of all property was measured in silver, because it was the cheaper money. From 1834–5 to 1861 the standard of measurement was gold because gold was, during this period, the cheaper money. From 1861–2 to 1879 greenbacks constituted the currency in which the prices of commodities were quoted in the north, and for a part of this time Confederate money was the measure of value and the medium of exchange in the South. It should be remarked in this connection also that England limited the coinage of silver in 1816, and that India, Austria-Hungary, Persia, China, Japan, and Mexico were on a silver basis prior to 1873, and that in the countries named gold and silver could not possibly have been "virtually one metal," and hence the sentence we are considering must be either false or wholly meaningless.

—"Then we had dollar wheat and sixteen cent cotton in bimetallic measurement."—

In the United States we have often had dollar wheat and once before the war 15½-cent cotton; but we never had either dollar wheat or cotton at any price in bimetallic measurement prior to the resumption of specie payments in 1879.

The work of pointing out line by line Mr. Harvey's inaccuracies of statement, erroneous conclusions and general disregard for truth, would not only be almost endless, but exceedingly dull and wearisome. The gist of his contention now is that since the so-called demonetization of silver in 1873, wheat and cotton (p. 108–113), cut nails (p. 114), pig iron (p. 114–115), wool (p. 115), have fallen in price and that "all other values have declined like" the values of the commodities named, and that "prices were not as low in 1859, or prior to the war, as they are now." (P. 116.)

This alleged general decline in prices Mr. Harvey attributes wholly to the appreciation of gold since 1873. Before we seek to ascertain whether his contention is well founded, or otherwise, let us state the question clearly. It is this: Have prices declined since 1873,

and, if so, is this decline attributable wholly or in part to the so-called demonetization of silver and the alleged appreciation of gold?

In the outset it is admitted that some things have declined in price by reason of the use of improved machinery, the lessened cost of production and more abundant supply. On the other hand, it is affirmed that some things have not declined in price at all, and it is emphatically denied that anything has declined in price on account of an alleged appreciation of gold, or that there has been, since 1873, any appreciation in the value of gold by which prices could be affected in any degree whatever.

Wheat is the commodity to which Mr. Harvey calls special attention. Is it not just as fair and reasonable to attribute the high price of wheat to a depreciation of gold as to attribute the low price of wheat to an appreciation of gold? If not, why not? Wheat, within the past thirty days, has advanced 30 cents a bushel, or 60 per cent. Has gold, within the past thirty days, depreciated 60 per cent.? The truth is, Mr. Harvey is untruthful, inconsistent, and illogical. He talks much about the law of supply and demand, but in argument does not recognize its influeuce on business, trade or commerce. He is crazy on the subject of money. Wars, pestilences and famines; fruitful and unfruitful seasons abundance and scarcity; improved methods of production; cheaper and quicker means of distribution have-in his perverted judgment, no effect on prices. In brief, he is a conspicuous member of that class of men who are a curse to their friends and a blessing to their enemies. The farmers of the Western States who were beguiled by the empty verbiage of his trashy book into the belief that the price of wheat in some way depended upon the price of silver bullion, and who, on the strength of this absurdity, hurried their wheat to market, must now realize that they have lost from 60 to 70 per cent. of the value of their crop; while those who put no dependence upon Mr. Harvey's rotten nonsense, have made what the farmers lost, to-wit: Fifty million or more dollars worth 100 cents

each. No. 1 wheat is quoted in New York to-day at 85⅝ cents a bushel; in Milwaukee at 82½ cents, and No. 2 is quoted in Toledo at 80 cents. Wheat is now over 19 cents per bushel higher than it was in December, 1860; 20 cents per bushel higher than it was in January, 1862. In real money it is 25 per cent. higher than it was in December, 1865, and in real money it is as high as it was in November, 1872, four months before the so-called "crime of 1873" was perpetrated.

Prices are at times either temporarily depressed or elevated by the operations of reckless speculators; but as a rule prices rise and fall in unison with men's estimates of the present and prospective supply and the present and prospective demand. If since 1873 property has been standing still and gold going up (p. 109) the evidences of it should be apparent in the market quotations of every year subsequent to the one named, and in every year, also, prior to that time. Let us, therefore, take the highest and lowest prices at which wheat was sold in Chicago during certain years, and see whether the prices and the fluctuation in prices indicate that gold is and has been appreciating in value

BEFORE THE WAR.

In April, 1860, wheat sold for $1.13 a bushel.
In December, 1860, wheat sold for 66 cents a bushel.

WAR PRICES.

In January, 1862, wheat sold for 65 cents a bushel.
In August, 1862, wheat sold for 92½ cents a bushel

AFTER THE WAR, IN DEPRECIATED PAPER MONEY.

In February, 1866, wheat sold for 77 cents a bushel.
In November, 1866, wheat sold for $2.03 cents a bushel.
In April, 1870, wheat sold for 73¼ cents a bushel.
In July, 1870, wheat sold for $1.31½ a bushel.
In July, 1873, wheat sold for $1.46 a bushel.
In September, 1873, wheat sold for 89 cents a bushel.

IN MONEY AT PAR WITH GOLD.

In January, 1879, wheat sold for 81⅝ cents a bushel.
In December, 1879, wheat sold for $ 1.33½ a bushel.
In January, 1880, wheat sold for $ 1.32 a bushel.
In August, 1880, wheat sold for 86½ cents a bushel.
In January, 1881, wheat sold for 95⅜ cents a bushel.
In October, 1881, wheat sold for $ 1.43¼ a bushel.
In April and May, 1882, wheat sold for $ 1.40 a bushel.
In December, 1882, wheat sold for 91⅛ cents a bushel.

From these figures two conclusions are unavoidable. First, that the prices of wheat do not follow the rise and fall of silver; second, that the prices of wheat do not indicate any appreciation in the value of gold.

THE WORLD'S PRODUCTION OF WHEAT IN BUSHELS.

1889	2,137,000,000
1890	2,304,000,000
1891	2,425,000,000
1892	2,438,000,000
1893	2,521,000,000
1894	2,566,000,000

The increase since 1889 has been constant. Europe needs but 140,000,000 bushels more than she raises to feed her people, and yet in 1894 there was an increase in the wheat crop of the world of 429,000,000 bushels over the abundant crop of 1889, and at the same time large amounts had been left over from the plentiful crops of 1892-93. How could we expect wheat to be high under such conditions?

I have not the statistics before me to prove the fact, but I doubt not it is a fact susceptible of proof that the farmers of Ohio and of the Western States have made much more money on their wheat crops since 1873 than they realized from their wheat crops for the twenty-two years prior to 1861. With the help of recently invented or improved machinery, such as grain drills, reapers, binders and threshers, etc., they are not only enabled to raise more wheat than they

did in the earlier time, but to raise it at much less cost per bushel, and to transport it to market at from one-sixth to one-half the old freight charges. The freight rate now on American railways is about 8 mills per ton per mile, and transportation by water is still cheaper. At one time in Ohio, within my recollection, farmers of Marion, Delaware, Morrow and Knox counties would haul wheat to Sandusky, and with the proceeds of a wagon load get barely enough money to buy a side of sole leather, a barrel of salt and a bolt of brown muslin. Much of what appeared in the quoted prices of wheat in New York and Baltimore during the forties and fifties, was made up of freight charges and commissions to middlemen. To indicate how little the cost of transportation to the seaboard affects prices at the present time, I give the following quotations of sales on May 22, 1895:

In New York, No. 1 Wheat........................85⅝
In Milwaukee, No. 1 Wheat........................82½

It is a fact that the farmers of the United States as a whole can raise two bushels of wheat now with no more labor and at no greater cost than was required to produce one bushel prior to 1860. In other words, when wheat was lowest in 1893-94, it took less labor to produce a dollar's worth of wheat than it did before the war, and hence it is that a debt which might have been paid in 1860-62, or at any time prior to these years, by the proceeds of 1,000 bushels of wheat, can at the present time be paid with greater ease, even if the proceeds of 1,500 bushels are required to pay it. It is true that crops in every year are not alike abundant in all sections of the Union; but what the farmers of New England lack is not money, but more fertile soil; and what those in the far West stand in need of is not fifty cent silver dollars, but a more abundant rainfall, and an absence of hot winds that destroy vegetation. Mr. Harvey's book would have been dropped in the waste paper basket unnoticed but for the fact that it appeared during the business depression resulting from the silver panic of 1893. His statements with respect to the

hardness of the the times and the scarcity of money would have been twofold more pertinent and forcible after the panics of 1857 and 1873 than at this time, and yet he claims that in 1873 and for some time thereafter nobody knew silver had been "demonitized," and we all know that for forty years prior to 1873 and for five years subsequent to that year there was not a silver dollar in circulation.

I shall in my next paper consider Mr. Harvey's statements with respect to corn, cotton, wool, cut nails and pig iron, and show what sheer nonsense it is to affirm that gold has appreciated in value since 1873, when the hire of it, or rent of it, or interest of it, is now less than it was ever known to be before in the history of the world.

FIFTH CHAPTER — Continued.

"THE DEMAND for corn now, with nearly double our population, is greater than it was in 1873, and yet in 1873 the corn crop was fifty-seven million bushels greater in this State (Illinois) than it was last year. The overproduction in 1872 accounts for its low price in 1873. The gold standard accounts for its low price now." (P. 116.)

The point Mr. Harvey seeks to establish is that overproduction in 1872 made the price of corn low in 1873, and that underproduction and a greater demand did not make the price of corn higher in 1893 than it had been in 1873. But Mr. Harvey has so framed his statement as to permit his readers to infer a falsehood. There was no overproduction in 1872, and no underproduction in either 1892 or 1893. The corn crop of the State of Illinois, to which he refers, constitutes but a small part of the corn crop of the United States, and for the past ten years has not controlled the price of

corn either in Chicago or elsewhere. A bushel of shelled corn weighs but four pounds less than a bushel of wheat, and hence since the advent of competing lines of railway and fast steamships, corn does "seek distant markets like wheat" (p. 116), and is in fact exported, but the export demand for corn and its use for food by the people of the United States do not fix its price. Pork is the product of corn, and in this condensed form, under present conditions of railway and steamship service, corn will "always stand the freight" to England, France and Germany.

The total corn crop of the United States in 1872 was but 1,092,719,000 bushels, while in 1893 the total crop amounted to 1,619,486,000 bushels, an increase over 1872 of 526,777,000 bushels. It was the total number of bushels accessible to markets however which controlled the price in 1893, and not simply the crop of Illinois. A portion of the corn crop of 1872-73 never reached the market, either as grain or pork. It is not many years since the value of a bushel of wheat or corn would have been consumed in carting it from Omaha to Chicago, and even as late as 1870-72-73 corn was burned for fuel in Nebraska, Iowa and other Western States, because freight charges were so high it could not be shipped at a profit. Now competing lines of railway penetrate every nook and corner of the corn belt, and freight rates have been so reduced that every bushel of corn not used on the farm in the production of pork, etc., may find a quick market and ready sale. Mr. Harvey's attempt to account for the low price of corn in 1873, therefore, by the abundance of the crop in Illinois, is not only unsuccessful, but absurd, and was evidently intended to deceive.

CORN.

As further evidence that the prices of farm products have not been affected by the alleged appreciation of gold and scarcity of money, I shall call attention to certain quotations of corn, swine, and cotton, for which I am indebted to the New York *Sun*, of April 15, 1894.

In July, 1873, corn sold in New York in terms of gold for 48 cents a bushel; 1875, 87 cents; 1878, 48 cents; 1882, 84 cents; 1886, 46 cents; 1888, 66 cents; 1889-90, after an enormous crop, 37 cents; April, 1890, 37 cents; 1891, 80½ cents. May 24, 1895, corn was quoted in New York at from 57½ to 59 cents, and money on call at 1 per cent. per annum, while prime mercantile paper found ready takers at 3 to 4 per cent. The price of corn is low when the crop is abundant, and high when the crop is short. A similar rule obtains with respect to money. When abundant, rates of interest are low; when scarce, rates of interest are high. Government bonds bore 6 per cent. in 1873; now the government can borrow money on a 2½ or 3 per cent. basis. Corn is 10 cents a bushel higher to day than it was in July, 1873, and gold is 3 per cent. per annum lower to-day than it was in 1873.

In the presence of these facts the man who talks about "the crime of 1873" and affirms that it "brought tears to strong men's eyes and hunger and pinching want to widows and orphans" (p. 112) must be very dangerously off his mental equipoise.

SWINE.

In the winter of 1872–73, just before the "crime of 1873" was perpetrated, Western packers bought swine for an average of $3.40 per 100 pounds. In the winter of 1875–76, they paid an average of $6.35 per 100 pounds. In 1878–79 the price averaged $2.80. In 1881–82 the average was $6.06. In 1889–90 $3.54, 1892–93, $6.54.

In view of the facts presented what becomes of the absurd notion that farm products rise and fall with the price of silver? Hogs are selling to-day for $1 per 100 pounds more than they sold for in 1873. The dollar of 1873 was worth 86 cents; that of 1893 was worth 100 cents. The per capita of money in the United States in 1873 was $18.58; the per capita of money in 1893 was $34.75. The per capita of money in circulation in 1873 was $18 04; the per capita of money in circulation in 1893 was $23.87.

COTTON.

In 1864 cotton sold in New York at 80 cents per pound. In 1873 it had fallen to 16 cents, a decline of 64 cents per pound, and yet at the latter date Mr. Harvey says nobody knew silver had been "demonetized." From 1879 to 1890 the prices of cotton fluctuated between 9½ and 13 cents, as the crop happened to be full or short. The average of the twelve years was very close to the average of the twelve years ending with 1860, although in 1856–57, owing to the short crop, prices rose to 15½ cents per pound. The crops for the ten years ending with 1894 averaged twice as many bales as for the ten years prior to 1860. The greatest crops raised were in 1891, 8,655,518 bales, and in 1892. 9,038,707 bales. The crop in 1872 was only one-third in quantity that of 1892, to-wit: 2,974,315 bales. It will be seen from all this that the low prices of cotton have resulted from abundant crops and not from scarcity of money or any alleged appreciation of gold. There has been very recently an advance in the price of cotton of over 30 per cent.

WOOL.

In 1870 the United States produced 162,000,000 pounds of wool and in 1893, 303,000,000 pounds. The world's supply of wool in 1870 was 1,295,000,000 pounds; in 1891, 2,456,773,000 pounds. The world's clip for 1891 was 831,000,000 pounds greater than in 1880. With such rapid increase in the production of wool and cotton and the great improvements in machinery for the manufacture of these raw materials, combined as they are with flax, hemp, jute, hair and shoddy in the woven fabric, is it surprising that the prices of wool and cotton are low and that clothing is cheap? Is it possible that lessening prices should be regarded as a curse and ascribed to an alleged appreciation of gold and not as a blessing to those born naked and attributed to the bountifulness of the earth and the increasing industry and intelligence of man? Would you have clothing dearer than it is and more

difficult to get? Should we murmur because prices are not as high as they were forty years ago and our people not as poorly clad? But it is said these low prices indicate that low wages are paid to workingmen. This, however, is emphatically denied. In a table compiled by Edward Atkinson, from the report of the Finance Committee of the United States Senate, a comparison is made of the wages of 1860 with those of 1890, and also of the purchasing power of a day's wages in 1860 with that of a day's wages in 1890. According to this table of wages and the purchasing power of wages the workingman obtained 58 per cent. more money for his day's labor in 1890 than he did in 1860, and the purchasing power of this day's wages was 72 per cent. greater in 1890 than in 1860, and from 50 to 58 per cent. greater in 1890 than in 1873. Shall we join the independent free coinage fanatics because wages are higher than they were, the necessities of life cheaper and the money of the country better and more abundant?

NAILS.

With respect to nails it is only necessary to say:

1. That "from 1881 to 1884 the nail producing power of the country nearly doubled, while the consuming capacity increased only about 20 per cent." (Wells's Recent Economic Changes.)

2. American inventors have enabled us to excel the world in the manufacture of this article and, as a consequence, nails are now being exported to all countries. Recently a single order from Birmingham, England, for 20,000 kegs, was filled by an American nail mill. Nails are low, but this results from great competition, improved methods in manufacture, and lessened cost of production, and not from either a reduction in the wages of workingmen or an alleged appreciation in the value of gold.

PIG IRON.

Mr. Harvey tells us, page 115, that "the average price of pig iron in 1859 was $23.38 per ton, now it is about $12." This fall in price he, of course, attributes

to an alleged appreciation of gold. A man who can see no other cause for a decline in the prices of iron and steel since 1859, than the one assigned by Mr Harvey, must be either stone blind or exceedingly anxious to deceive his readers. I have not the figures at hand to enable me to compare the amount of iron produced in 1859 with the amounts produced in every year since that time, but the few facts I am prepared to submit will be sufficient to suggest the true causes of the decline in the prices of pig iron and its products.

The United States produced in 1860 987,000 tons of pig iron; in 1880 the production had swelled to 3,835,000 tons. The American Iron and Steel Association reported that "the year 1881"—eight years after "the crime of 1873"—"was the most prosperous year iron and steel manufacturers had," up to that date, "ever known," and yet a few years subsequently, to-wit, "from 1885 to 1887, we increased our production of pig iron 85 per cent.; our production of bessemer steel ingots 93 per cent., and our production of open hearth steel ingots 119 per cent." In 1859 not a ton of pig iron was produced in Tennessee, Alabama, and Georgia. The great Mesaba ore beds of the Northwest, where high grade ore is lifted by steam shovels directly from the earth and loaded into cars, were, in 1859, unknown, and in 1873 unworked. The discovery and operation of these beds has reduced the price of iron ore more than 50 per cent. In 1870 the average product per man in the furnaces of Great Britain, and, I think, of this country also, was estimated at 173 tons; but in 1884 the product per man had increased to 261 tons. By the Gilchrist-Thomas process four men can make as much steel, with less cost of material, as it took ten men ten years ago to accomplish (D. A. Wells). A ton of steel rails can now be made with one-half less coal than was required in 1868. The steam engines of the world supply power equivalent to that of 200,000,000 horses. Four-fifths of these engines have been constructed since 1865. The application and use of steam has more than trebled man's working power (D. A. Wells).

But in talking of prices Mr. Harvey ignores the inventive genius of the age, and will not take into account the reapers, mowers, binders, and threshers; the machine that makes a shoe or fashions a hat, or sews a garment, or knits a stocking; these are all thrust aside. Steam and electricity, which a child may direct in the performance of the most intricate of tasks, are counted of no importance. He speaks of a few articles which, on account of great abundance, have been low in price, but is discreetly silent with respect to pork, beef, hay, rye, barley, oats, potatoes, fruit, poultry, butter, lard and cheese, and does not allude to the fact that the people of this country obtain more money annually for eggs than for the product of our silver mines, and that eggs were never so high as they have been since 1873.

The fact is, Mr. Harvey writes like one who had been an unsuccessful speculator in silver mining stock, and who now seeks to attribute his losses to something besides his own defective judgment. But whether he has or has not been defrauded of good money by designing rascals, who in the mining regions are always on watch for the tenderfoot, it is nevertheless evident from his reckless statements, incorrect conclusions, and illogical chatter about money that he should be condemned as "a bad egg," and cast aside.

FIFTH CHAPTER — Concluded.

DEBTS OF THE UNITED STATES.

THOSE who look upon the author of "Coin's Financial School" as a heaven-born financier, and hence regard his statements as accurate and his conclusions infallible, have indeed good reason to tremble with anxiety and alarm. If Mr. Harvey is correct in his estimate of the resources and liabilities of the United States it is evident that the country, if sold out by the sheriff, would not pay 60 per cent. of its indebtedness,

and if by any possibility it should make an assignment, the probabilities are that the assignee and his lawyer would gobble all the property and not leave a farthing for distribution among importunate creditors. Here are the words and figures which tell the humiliating story of the great republic's insolvency:

"The total debts of the United States, national, municipal, state, county, corporate and private, is now estimated at $40,000,000,000" (p. 119). By turning to the appendix of Mr. Harvey's book, on what should be page 157, we find that "the assessed valuation of all property in the United States is $24,651,585,465." Now, if the value of all the property of the United States as given by Mr. Harvey in the appendix referred to were deducted from the total debts of the United States as estimated by Mr. Harvey on page 119, an unpaid balance of indebtedness would remain amounting to fifteen billion three hundred and forty-eight million four hundred and twenty-four thousand five hundred and thirty-five dollars ($15,348,424,535). The financial outlook, therefore, is exceedingly disheartening to the people of the United States, and yet there is one broad streak of silver lining the sombre cloud which hangs over us, to-wit: the fact that our creditors will lose at least 40 per cent. of the money we owe them, and if by chance the country should conclude to make an assignment, the condemned rascals will not get anything at all out of the hands of the assignee and his attorney. This last reflection is very comforting.

Before I proceed to a consideration of the subject of debts, permit me to ask and answer a query of my own. Who are the creditors—the extortioners who seize guileless people by the throat and compel them to borrow money? Mr. Harvey tells us "everybody, except the money lender, is in debt" (p. 119). Who then are the money lenders? In answer to this it may be said that the banks are money lenders, but this would suggest but half the truth. Banks borrow and lend, and between the rate of interest they give and the rate they get, manage to make salaries for employes and dividends for those who assume the risks of busi-

ness. The fact is, banks are among the greatest borrowers in the world. The 3,650 national banks in the United States owe 1,929.340 people the sum of $1,647,017,129. This amount is not loaned to the banks by rich men, but in the main by merchants, shopkeepers, contractors, manufacturers, mechanics, laborers—men engaged in the active and necessary concerns of life, whose average deposit is but $853.67. Savings banks without capital stock do business wholly on borrowed money, or, in other words, they belong exclusively to those who deposit in them, and the depositors receive in the way of interest all the net profits of the business. They are emphatically poor men's banks. The savings banks of the United States owe 4,739,194 depositors $1,739,006,705. The life insurance companies of the United States will owe their policy holders, at death, $12,486,803,990; in this vast sum provision is made for widows and orphans. How much the private banks of the country are indebted to the people I do not know, but the sum total must be very large. The truth is the money of the country belongs, in the main, to the poor men of the country. Some of these men loan it directly to their neighbors; some put it in building and loan associations; some use it with life insurance companies to make provision for wives and children; some lodge it in savings banks, and still others deposit it in national, state or private banks. Now let us make an estimate of the number of money lenders in the United States:

Those who lend to national banks..................	1,929,340
Those who lend to savings banks	4,739,194
Those who lend to life insurance companies........	10.983,917
Those who lend to building and loan associations...	1,745,725
Those who lend to State and private banks, estimated	1,000,000
Those who lend directly to neighbors, estimated....	1,000,000
Total..	21,398,176

These, then. are the money lenders of the United States "who are going to eat the property owner up." (P. 119.)

"Everybody except the money lender is in debt." (P. 119). Very well; in excepting the money lender and his or her family fully two-thirds of our population is excepted. Where does the money come from with which mortgage loans are made? From life insurance and trust companies, savings banks and building and loan associations. Seventeen million people own them!

Where does the money come from to make loans to men in active business? From national, state and private banks, and in these banks three million of business men are interested either as stockholders or depositors, and the larger interest is that of the depositors. Mr. Harvey evidently thinks that if his scheme of independent free coinage were adopted the banks would be compelled to accept 50 cent silver dollars in payment of their loans, and so they might be if they had any loans outstanding at the time. But boys who go hunting for weasels rarely find the beasts asleep, and the graduates from Mr. Harvey's financial school, in their hunt for money lenders, would find they were a year or two too late to bag the game. The more direct, and probably more successful way for Mr. Harvey and his friends to reach the end proposed, would be to equip themselves with the tools and appliances of the professional burglar, and begin work before the banks had knowledge of their approach.

In what relation do the creditor and the debtor stand with respect to each other? Simply this: The one owns what the other uses. The thing owned by the one and used by the other may be money, farm, house, cart or horse. The contract signed by the debtor to return the property to the creditor at the expiration of a certain time does not diminish the property of a country nor does its strict fulfillment leave the debtor in any worse condition than he was when the agreement was entered into. Assume, for the sake of argument, that the money, land, house, cart or horse has, by reason of increased demand and lessened supply, appreciated in value while in the custody of the debtor. This fact could not change his right to use

for a definite time and then return, into a right to hold forever any part of what never belonged to him. But it may be said the debtor has lost money by the transaction, and so it may be said the creditor has lost money by the transaction. If this were true, however, in either the one case or the other, the loss resulted from defective judgment in the bargaining, and to provide against this by law, would be a denial to freemen of the right to make their own contracts and an obstruction to the rapid flow of business. Public policy demands, therefore, that men competent to exercise the right to make contracts, should assume whatever risk of loss there may be in their fulfillment. To establish any other rule would leave every transaction unsettled, and result in a total paralysis of business. But Mr. Harvey may say that when the debt for money was incurred the debtor had reason to expect he would be permitted to make payment in silver. In reply to this it is only necessary to suggest that there are 500,000,000 of legal tender silver dollars in the country with which payment can now be made, and that there never was a time in the history of the world when silver dollars were either more abnndant or more easily obtained than at the present moment.

If by a provision of law men were denied the right to lend, or borrow, or to buy, or sell on credit, the business of the country would be brought suddenly to a standstill and millions of men would be unable to find employment. The credit system, when wisely used, is the business man's best friend. It places within his reach not only the commodities he needs and can not himself produce, but the accumulated capital of centuries. It enables him to do in a day, week, or year what in its absence would require a lifetime to accomplish. It has built over 170,000 miles of railway in this country, and without these great arteries of inland commerce the products of the farm would have scanty market; farms in certain sections would be comparatively worthless, and great cities impossible. The debts of the United States may seem large, but they indicate neither lack of products nor diminished pros-

perity. Every debt wisely incurred is offset by a credit or by property abundantly sufficient to cancel it; and debts are never larger than when business is most active and remunerative. During panics and the years immediately succeeding panics, when confidence has been stricken down and distrust and fear are overwhelming, indebtedness is rapidly reduced, business stagnant, times hard, workingmen unemployed and in distress for the necessities of life. The moment confidence is restored and credits freely given, private and corporate debts increase and multiply, and then it is that commerce, agriculture and manufactures get on their legs again, and with new vigor bound like an antelope on another round of prosperity. The man who looks simply at the public or private indebtedness of a country and never at the things upon which it is based, is like one who turns his back upon a store house filled with riches and persists in looking at its shadow.

"But this ball that represents debts will not decrease any." (P. 118). The contents of the ball are constantly changing, and are never for two full days the same. The ball is like an elevator in which grain is received on storage. In times of prosperity and generous harvests, it is full to overflowing; in years of adversity and scanty crops, it is but partly filled, and then only with the poorest grain. When there is a large cotton, wheat or corn crop to be gathered in and marketed, the volume of indebtedness is increased. On the other hand, when the seasons are unpropitious and fields unproductive, the volume of indebtedness is diminished.

Let us see how debts are created and how they are cancelled. The workingmen of the country have, in round figures, loaned $2,000,000,000 to the savings banks, and by doing so a debt of $2,000,000,000 has been created. Now the savings banks reloan this money, or these credits, to state, county, city or to individuals, and another debt of $2,000,000,000 is created, making a total indebtedness of $4,000,000,000. In time the bonds or notes which the banks hold are

paid off and the indebtedness reduced $2,000,000,000. With the money or credits so obtained the banks now pay their depositors and all the indebtedness is cancelled. Nobody has been harmed by these transactions; on the contrary, we have good reason to believe that all the parties to them have been benefited.

B buys a farm of A for $15,000 on the usual terms of payment, to-wit: One-third down, one-third in one year, and one-third in two years, deferred payments secured by mortgage. Here an indebtedness of $10,000 is created. Now A finds a farm in some other neighborhood, county or state, which suits him better than the one he sold, and so he buys a farm of C for the same money and on the same terms of payment and the indebtedness is increased to $20,000. C repeats the operation and so farms change hands and debts increase through all the letters of the alphabet, until finally a million dollars of indebtedness may have become a matter of official record. Mr. Harvey looks upon this aggregate of mortgage debts and pretends to see in it evidences of approaching bankruptcy and ruin; but the parties most interested are no whit alarmed; they are men of common sense and know what they have been doing. B finally pays his debt of $10,000 to A, and A, with the money received from B, pays his debt to C, and C cancels his indebtedness to D, and so this $10,000 runs through the whole alphabet of buyers and sellers until it cancels a million dollars of indebtedness; leaves every man who bought and sold the owner of an unincumbered farm, and somebody at the end in possession of $10,000 which he is exceedingly anxious to invest.

Again the national, State, and private banks owe their depositors say $3,000,000,000. This money or these credits are in part loaned by the banks to traders and manufacturers, and thus $5,000,000,000 of indebtedness is created — $3,000,000,000 representing the debts of the banks to depositors, and $2,000,000,000 being the debts of traders and manufacturers to banks; but the chain of indebtedness does not end here. The manufacturer to whom a part of the sum has been

loaned invests in raw material and then sells the finished product on time to the wholesaler. The latter sells on the usual terms of credit to the retailer, and he on the usual terms to the planter, stockman, farmer, contractor, etc., and thus the amount of indebtedness based on original loans aggregating $3,000,000,000 may swell to six or eight billions. But see how easily this vast sum is cancelled. The planter, stockman, farmer, etc., pays the retailer; the retailer pays the wholesaler; the wholesaler pays the manufacturer; the manufacturer pays the bank and the bank pays off its depositors and so the ball of debt, which was wound up to 6 or 8 billions with profit to everybody, is unwound without injury to anybody, and the original three billions of money, credits, or property is once more in the hands of those who own it, ready to go forth again upon a journey similar to that from which it has just returned. It is true that men who borrow money to buy lottery tickets, or bogus gold bricks, or watered stocks, or salted mines, may never pay their debts, and hence inflict a loss upon their creditors. Still by these unwise investments nothing is lost to the country. The money or property in such cases simply passes from the hands of honest men through the hands of a fool into the hands of a rogue. It is also true that honest men often make injudicious investments, or engage in pursuits for which they have no skill, or confide in people who betray and despoil them, or are stricken down by sickness, or overwhelmed by some unexpected calamity, and hence are unable to pay their debts. But none of these causes of failure are properly chargeable to either the credit system or to the circulating medium of the country.

Mortgage indebtedness always appears to be much greater on official records and in tables of statistics than it is in fact. Mortgages are never cancelled by the mortgagee until the last dollar they were given to secure has been fully paid. In thousands of instances it will be found that three-fourths of an incumbrance on farm or city property has been removed, while the mortgage still remains on record for the full amount

of the original debt. In other instances the whole sum has been paid and by neglect or design on the part of the mortgagor, public record of the fact has not been made. In still other instances one mortgage is simply a link in a long chain of mortgage debts, and when it is paid the money runs down the line and pays the whole. Building and loan associations have thousands of mortgages on record for the full amounts of the original loans, and yet they have for years been receiving fortnightly or monthly payments on the notes the mortgages were given to secure. The same is true of mortgages held by sellers of city and suburban lots. The bonds of a railroad or of a manufacturing enterprise, or of some wildcat mining company, or of some boom town venture may be on record at their face value, and not be worth in the market five cents on the dollar. Speculators often build railroads and open coal, iron or silver mines, not with a view to operating them, but for the purpose of issuing stocks and bonds to palm off on to unsuspecting people.

Our courts have recently been struggling with a case involving $8,000,000 of railroad bonds, which, it is alleged, were not issued for the betterment of the road, but for the enrichment of those who temporarily controlled it. The country is well supplied with mortgage bonds on coal lands at fictitious values, on silver mining property, on oil lands, on iron furnaces and iron mines, on boom town manufacturing plants, on railroads unable to pay operating expenses, on those in process of construction, and on proposed roads that never will be built. It does not cost much to record a mortgage for a million or more on a hill supposed to contain iron, on a ridge supposed to contain coal, on a hole supposed to have silver at the bottom of it, or on a field which taints the air with the smell of gas or oil. For the payment of such sham indebtedness, however, no demand will ever be made on either the money or the products of the country. Mr. Harvey's item of railroad indebtedness should be cut down one-half. His item of mortgage indebtedness of business realty, street railways, manufactures, and business enterprises

is several billions too high. His estimate of the mortgages on farms and homes should suffer a reduction of two-thirds. The money loaned by the banks to the people represents the money borrowed by the banks from the people, and the one indebtedness will, in time, offset the other. The estimate he gives of the value of all property of the United States is at least 35 billions less than it should be. It may have been taken from official reports, but personal property of both town and country, and farms, lots, and houses are assessed for taxation at less than fifty per cent. of their true value in money.

REVIEW OF SIXTH CHAPTER—In Part.

Mr. Harvey begins an alleged speech on page 130, and in its delivery never fails to applaud himself when he gives utterance to a sentence or a sentiment intensely silly or wholly false. "In the midst of plenty we are in want." In want of what? "Helpless children and the best womanhood and manhood in America appeal to us for release from a bondage that is destructive of life and liberty." What bondage? "The Orient, with its teeming millions, and France, the cradle of science and liberty in Europe, look to the United States to roll back the accumulated disasters of the last twenty-one years. [Applause]" (p. 131). What disasters? Not those resulting from lack of money, for in this country we have one thousand millions more money than we had in 1873; better money and a larger amount per capita. Not disasters resulting from diminished crops or scarcity of products of any kind, for the fields have yielded plentiful harvests; the output of our manufactories has been abundant; the commerce of the country increasing, and the workingman better paid than he ever was before. Not disasters resulting from either

domestic or foreign wars, for we have been at peace among ourselves and on friendly relations with all the nations of the world. During the twenty-one years referred to, our sales of products to other countries exceeded our purchases from them by about 2,000 million dollars, and in 1894 our exports were over $200,000,000 in excess of imports, whereas in 1873 our imports exceeded exports by more than $119,000,000.

—"If it is claimed we must adopt for money the metal England selects" (p. 131). Nobody ever made such a claim or ever thought of making it. England does not care whether our money is gold, silver, brass, copper or irredeemable paper. Mexico's silver dollars are worth but fifty cents, but the circulating medium of Mexico affects neither our business nor that of England. It is a burden which the people of Mexico must bear alone. —"A war with England would be the most popular ever waged on the face of the earth" (p 132). Why should a war with England be popular? Her people are not only our kindred, but they are our best customers in the purchase of food stuffs and cotton. War means the expenditure of money, the waste of property, the sacrifice of life, the grief of parents, the breaking hearts of wives, and the homelessness of children. The people of the United States will never go to war with "repudiation" and "fifty-cent dollar" inscribed upon their battle flags.

—"England is the creditor nation of the globe, and collects hundreds of millions of dollars in interest annually." Did England ever compel anybody to borrow money of her? Does she drag Americans across the sea and force them to take gold? Nonsense! England has held to the gold standard for eighty years, and has prospered; in the meantime her rivals have been alternating from silver to gold, and from gold to silver, and have suffered losses and been subjected to embarrassments at every change.

—"The money lenders of the United States, who own substantially all our money, have a selfish interest in maintaining the gold standard" (p. 133). The money lenders of this country, numbering as they do

over 20,000,000, with families dependent on them, numbering 40,000,000 more, are interested in maintaining an honest standard—a standard that will not shrink and swell in response to the wishes of those who seek to borrow as much as possible and pay back as little as they can.

—"With silver remonetized and gold at a premium. not one-tenth of the hardships would result that now afflict us. First it would double the value of all property" (p. 133). How? Would one bushel of wheat become two bushels; one yard of cloth two yards; one acre of land two acres; one horse two horses? No. The only value affected would be the value of the dollar. This would be cut in twain.

—"Second, only 4 per cent. of the business of the people of this nation is carried on with foreign countries"; a solid reason for keeping our money good. Shall we reduce the value of our money in order to inflict a loss upon those with whom we transact but 4 per cent. of business, when by so doing we should inflict a loss twenty-four times greater upon our own people?

—"Is it not better to legislate in the interest of 96 per cent. of our business than the remaining 4 per cent?" Certainly, and this is just what the United States has been doing. An inferior currency would unsettle values, embarrass trade, diminish the purchasing power of wages, rob the savings bank depositor, reduce the soldier's pension, banish gold, give us silver monometallism and a fifty-cent dollar. Such money would do injury to us, but harm to no one else, for other nations could not be compelled to use it.

—"In the impending struggle for the mastery of the commerce of the world the financial combat between England and the United can not be avoided" (p. 135). What indications are there of a prospective struggle? None. England and the United States are on friendly terms. The seas are open to our merchant ships as well as to hers. The annual balances of trade are largely in our favor. The per capita of our national debt is $73.16 less than that of Great Britain, and $101.72 less than

that of France. Why, therefore, should our souls be disquieted within us?

—"The gold standard will give England the commerce and wealth of the world" (p. 135). Why should not this standard be every whit as good for the United States as for England? Americans and the people of the British islands are very much alike. They speak the same language, and are of the same blood. If an experience of eighty years has shown that the gold standard is a good thing for them, may we not reasonably conclude it would be a good thing for us?

—"The bimetallic standard (obtained through the unlimited coinage of silver) will make the United States the most prosperous nation on the globe" (p. 135). The restricted coinage of silver, Mr. Harvey tells us, "will give England the commerce and wealth of the world," and the free coinage of silver "will make the United States the most prosperous nation on the globe." What does he mean? If wealth is not prosperity, what is? And, if prosperity is not wealth, what is it? Why should the United States prosper under free coinage, and England grow rich under restricted coinage? Men are men, commerce is commerce, and money is money the world over. What is good for one should be equally good for another. We know the gold standard has helped England. We do not know, and have no reason to suppose the independent free coinage of silver would benefit us.

—"Free coinage in the United States will at once establish a parity between the two metals" (p. 135). That parity is now established by restricted coinage, and Mr. Harvey's statements and tables of statistics prove that it never was established by independent free coinage, either here or elsewhere.

—"Any nation that is big enough to take all the silver in the world and give back merchandise and products in payment for it, will at once establish a parity between it and gold" (p. 135). No nation has ever yet been big enough to do this. England was not big enough, and so she restricted the coinage of silver in 1816. Germany was not big enough, and she made

the preliminary arrangements to restrict coinage in 1871. The United States restricted the coinage of silver in 1853, and again in 1873; France and the Latin Union were not "big enough to take all the silver in the world and give back merchandise and products in payment for it," and hence they restricted the coinage of silver in 1875, Spain and Belgium in 1876, Austria-Hungary in 1891, and India in 1893. In brief, no single nation is big enough to do successfully what Mr. Harvey desires to have done. Independent free coinage means more silver and less gold, more work and less wages, more metal and less money. Mexico is now in the act of trying Mr. Harvey's experiment, and by his own confession she is going on the double-quick to bankruptcy.

—"France and the Latin Union . . . maintained a premium on silver for forty years" (p. 135). Why did they not continue to maintain a premium on silver? Why abandon the struggle in 1875? Because they found they were becoming the dumping ground for all the surplus silver of the world; that gold was going to other countries and that silver was no longer the favorite money metal of commerce and of mankind.

—"The bankers of the great money centers must be given to understand that they must take their hands from the throat of the government" (p 136). When did they ever have their hands on the throat of the government? Time and again in periods of distress and peril the bankers of the United States have rallied to the assistance of the government. The 20,000,000 people directly interested in the moneyed institutions of the country, and the 40,000,000 dependent upon them for support, constitute a large part of the governed, and each one of these 60,000,000 of people has just as much right to say what the money of the country shall be as Mr. Harvey.

—"The unlimited demand for silver and its free use by the government will appreciate its value, etc." (p. 137). There can be no unlimited demand for either silver or gold to measure the value or facilitate the exchange of a limited supply of products. Sixty million sil-

ver dollars are now in circulation, and probably $400,-000,000 are stored away in the vaults of the treasury. If the demand were unlimited there would be no idle dollars. Silver is received for customs dues, for internal revenue taxes, for every debt due the government. What freer use could it make of silver and maintain it on a parity with gold? An effort to force silver on the people, or the coinage of an additional 500,000,000 of silver dollars, would not depreciate gold. It would banish it to other countries and leave us with silver dollars worth simply what silver bullion might sell for in the market.

—"With both metals as primary money property advances to bimetallic prices, whether gold goes to a premium or not." In 1864 the coins of both metals were what Mr. Harvey calls primary money. Under the law both metals were entitled to free coinage, and yet the prices current were prices established in a paper currency, worth 40 cents in gold, and still less in silver. It is the money in circulation which fixes the prices of commodities, and not the money which no one sees or handles. The instant gold goes to a premium it ceases to circulate, ceases to be used in the payment of debts or the purchase of commodities, and we have thenceforth either silver prices or paper money prices.

—"There should be a law making it a forfeiture of the debt to discriminate in favor of one form of national currency against another." (P 138). Such a law would be at variance with the constitution of the United States; an abridgement of the personal liberty of the citizen; a denial to him of the right to make contracts for whatever property or money he saw fit. But if this were not the case a law such as Mr. Harvey suggests would increase the difficulty aimed at instead of overcoming it. He is by no means the first man who has sought to compel men to accept in exchange for their commodities what they did not want and would not have. The history of France will afford interesting and useful lessons on this point. Arbitrary and unjust laws, having in view the end suggested, have never in a single instance been successfully en-

forced, and they never will be so long as men are free and able to distinguish between right and wrong.

—"Put less gold in the gold dollar. Bring the weight of the gold dollar down till they (silver and gold) are on a parity." (P. 138). The end which Mr. Harvey seeks has been apparent from the outset. He desires a cheap dollar — a 50-cent dollar with which to pay 100-cent debts. He is a little too timid to break into another man's strong box, but evidently not too good. He therefore seeks legal authority to commit a larceny. "Put less gold in the gold dollar"— return less money than you borrowed — less than you agreed to pay. Lie and then steal; promise and not fulfill; get possession of your neighbor's property by hook or crook and then hold to it with the grip of a vise. This is the philosophy of satan, and hell is the only region where a scheme of finance based on Mr. Harvey's theories will ever be approved.

SIXTH CHAPTER — Concluded.

"IS IT not a fact that no estimate has been placed on American (United States) bonds held in Europe at less than 5,000 million dollars." (P. 139.) If it were a fact, what of it? The promise to pay 5,000 millions is just as binding on the honor and consciences of men as the promise to pay 500 thousand. The amount of our indebtedness is not in this connection a pertinent question for discussion. The issue is, Shall we do as we agreed and pay our debts in as good money as we borrowed, or shall we repudiate one-half of what we owe, and stand disgraced in the eyes of the civilized world?

It is not, however, a fact that the United States bonds held in Europe amount to 5,000 million dollars. Railroad bonds and stocks, mining bonds and stocks,

and what are known as industrial bonds and stocks have been held abroad in large amounts—in much larger amounts than at present, and all are included under the head of American securities; but there is a wide difference between a stock and a bond. The foreign owner of the former is a part owner of the railroad, mine or industrial enterprise. If it earns no dividend he gets none. In brief, he simply shares with the American stockholders in the losses or the profits of the property his money helped to create. Bonds, on the other hand, represent borrowed money and are secured by mortgage on the property or properties referred to. In case the principal or interest of these bonds is not paid according to the terms of the contract, the property may be sold. If sold for enough to pay the debt the creditor loses nothing. If the proceeds of the sale are insufficient to pay the debt the foreign as well as the American bondholders sustain a loss; but in either case the great mass of our people, including farmer, laborer, tradesman, mechanic, lose nothing whatever. The road, mine or manufactory does not cease to exist when sold and resold, and the country not only has all it ever had, but much more than it would have had if the foreign capitalist had not put money into the enterprise and so helped to start it. I think it will be found that foreign capitalists have not made large amounts of money by their investments in American properties and the purchase of American securities. The old Atlantic and Great Western Railway and many other lines which persons familiar with the history of the railroads of the country can readily call to mind will suggest instances in which foreign investors put millions into American enterprises and took little or nothing out. The fact is, Uncle Sam's nephews have pestered, bulldozed and swindled the British lion until the venerable beast has grown somewhat reluctant to gambol for their amusement and profit in the great jungle of American securities. It will be remembered, also, with some degree of satisfaction to Mr. Harvey and his friends that a few years ago the old beast's tail was so cruelly

twisted in our neighboring Republic of Argentina that the world was startled by his howls of anguish. The promoter of railroad, mining and industrial schemes, who now takes American securities to the English or German market, as a rule, finds no demand for them and returns to his own country, saddened by the reflection that for individuals as well as nations "honesty is the best policy."

The national banks are required by law to buy and deposit United States bonds with the government as security for their circulation and public deposits. But by far the larger part of these bonds are held by savings banks and life insurance and trust companies as low interest investments which may, if need arises, be speedily converted into money. These institutions also hold the bulk of the State, county, and municipal bonds of the country. The probabilities are that at least three-fourths of the bonds of the general government and of the bonds of the States, counties, and cities of the United States as well are held by our own people, and that at least half of the interest accruing on them is distributed to depositors in savings banks and the beneficiaries of trust funds.

But let us waive all this and for the sake of argument assume what we know to be untrue, to-wit: That United States bonds representing not less than 5,000 million dollars are held in Europe. Now, what shall we do with respect to them? We borrowed the money and used it for our own purposes; shall we do as we agreed and pay the debt like honest men, or shall we repudiate the whole or the half of it? In 1892 we sold commodities abroad amounting, in value, to over 1,000 million dollars. Suppose the people to whom we sold this vast amount had, by a legislative trick, compelled us to accept in payment dollars worth 50 cents each, and so cheated us out of 500 million dollars, what would we have said of them? Shall we do unto others what we would not have others do unto us?

"We have put our head into the mouth of the English lion." (P. 140.) Did we carry our head to

England to do it? If so, let the lion "chaw"; the fewer such heads the better.

"What she (England) failed to do with shot and shell in the eighteenth century she is doing with the gold standard in the nineteenth century." (P. 140.) This is simply the jingoism of fools. England is attending strictly to her own business, and not troubling herself about ours. It matters not a farthing to her what money we use at home, or what we do, so long as in our dealings with her we do as we agree, and if she were to fail to fulfill her promises to us we would denounce her as a repudiator and have some reason to talk of war.

"It is a fixed law in the science of money that when both metals are primary money — whether at the time seeking the mints or not, and whether in circulation or not — bimetallic prices prevail." (P. 141.) There is no such law. There is a law, however, known as Gresham's law, recognized as operative the world over, by which cheap money, if endowed with the legal tender quality always drives the dearer or better money out of circulation. The man who has a debt to pay pays in the cheapest and poorest money he can use; the man who desires to buy buys with the cheapest money he can give, and hence this cheaper money fixes the prices of commodities. From 1810 to 1834 silver was the cheaper money in this country; gold abandoned us, and values were estimated in silver. From 1834 to 1861 gold was the cheaper money and the prices were gold prices. From 1861 to 1879 we had paper money prices. From 1879 to the present day we have, by limiting the coinage of silver, kept the two metals on a parity at the ratio of 16 to 1. Since 1879, therefore, we have had bimetallic prices, and these are the prices we propose to continue.

"All we would have to do would be to put an excessive tariff on all imports coming from her (England) and all other countries having a gold standard until they adopted a bimetallic system with the same ratio as ours." (P. 142.)

Mr. Harvey does not at heart favor an international agreement. He desires a cheaper dollar than international free coinage would give him, and if he has any practical business sense at all, he probably has enough to know that the method he suggests would render the consummation of an international arrangement impossible. Neither England, Germany, France, nor any other nation, entertaining a decent regard for its honor, could be forced to abandon its own monetary system and to co-operate with us by the imposition of excessive tariffs upon its products, or by threats of war. Commerce is mainly an exchange of products; "so much exported, so much imported." Suppose we were to prohibit the importation of the products of other nations with a view to coercing them into an abandonment of the gold standard, would they not at once retaliate by excluding our wheat, flour, beef, pork, etc., from their markets? What would these products be worth to the farmers of the United States if Europe were to refuse to buy them? Russia, India, Australia, South America, and British North America are now our strong competitors in the production of food stuffs, and if we retain the balance of trade in our favor, we must be guided by better counsel than that given to us by the free silver cranks of the United States.

"Reduce the number of grains in the gold dollar until it is the same value as the silver dollar. We can legislate the premium out of gold" (p. 143). It is possible to do a great many unwise things by legislation, but nothing more foolish and more detrimental to the business of the United States and the commercial honor of its people could be done than the shameful act suggested.

"Give the people back their favored primary money. Give us two arms with which to transact business" (p. 143). Mr. Harvey wants a long arm to buy and borrow with and a short arm to sell and pay debts with. If he simply desired arms of equal length he would now have no reason to complain. In this country we have some 500 millions of silver dollars, and 600 millions or more of gold dollars, and the silver dollars are just as good

in the payment of debts and the purchase of property as the gold. The truth is, the people now have what Mr. Harvey calls "their favored primary money" in greater abundance than they ever had it before—1,000 million dollars more of it than they had in 1873.

Products, to all intents and purposes, constitute the primary money of the world; they not only redeem each other, but they redeem the gold and silver coin, the checks, bank notes, and all the modern devices of the merchant for the rapid and convenient transaction of business. The minted metal, or the printed paper, derives its value as a medium of exchange solely from the fact that it is redeemed on demand in the original primary universal and ultimate redeemer of all things, to-wit: the commodities which men desire; and when Mr. Harvey speaks of silver or gold as property money, commodity money, primary money, and the money of ultimate payment, as if it were at the base of the world's commercial structure, he talks the silliest nonsense.

"The farmer of Mexico sells his bushel of wheat for one dollar"—a dollar worth fifty cents—"the farmer of the United States sells his bushel of wheat for fifty cents"—and obtains for it as much money as the Mexican gets for his—"the former is proven by the history of the world to be an equitable price." The history of the world is silent on this subject; Mr. Harvey is doing the lying just now, not history—"The latter is writing its history in letters of blood," etc. (p. 142). The writing referred to is being done in Mr. Harvey's redhot imagination, not elsewhere, for in the case cited the United States farmer and the Mexican farmer get exactly the same value in money for their respective bushels of grain.

"We are now the ally of England." (P. 145). On page 135 we were just about to engage in a struggle with England "for the mastery of the commerce of the world," and this "combat" could not "be avoided." On page 140 "our head was in the mouth of the English lion," but now we are "the ally of England." The rapidity with which Mr. Harvey changes the relations existing, or supposed to exist, between great

nations, is marvelous. On one page we have threats of war, in the next deadly peril, and in still another peace and amity. Such sudden transitions from ferocity to friendliness, without apparent cause, leave us amazed at the fickleness and foolishness of nations.

"Our people are losing each year hundreds of millions of dollars." (P. 145). How? Simply by paying their honest debts — by not stealing the money they borrowed, or the farms they bought on time, or the merchandise they obtained on credit, or the railroads they built with other people's money. The enterprising young man in our penitentiary who made $100 by stealing a watch, lost $100 when the cruel law got its clutches on him. Instances like this must be somewhat discouraging to Mr. Harvey and his friends.

"The deputy sheriff regards the $4 a day he gets as more important to him than the life or the cause of the workmen he shoots down." (P. 146). If so, he is a bad deputy sheriff and would come high at $1 a day. Why do not the people of Chicago insist upon a more competent man for the place? This is a matter they can control without an international agreement or even an act of Congress.

"The Pullman Palace Car Company recently reduced the already low wages of its employes." (P. 146). Would the independent free coinage of silver and a fifty-cent dollar render it impossible for the Pullman Car Company to reduce wages? Would not the fifty-cent dollar in effect reduce the wages of workingmen one-half without any action whatever on the part of the employer?

"We are forced to take independent action; to hesitate is cowardly." (P. 146). Mr. Harvey's utterances remind us of the fighting instinct, flowing diction and business habit of Ancient Pistol, who, when dunned for eight shillings, exclaimed:

"Base is the slave that pays!"

JOHN BEATTY.

[By Permission of the Honorable Secretary of the Treasury.]

SPEECH

OF

Hon. JOHN G. CARLISLE,

AT

Memphis, Tenn., Thursday, May 23, 1895.

Mr. President and Gentlemen of the Convention:

I do not think the importance of the questions you are called to consider can be overestimated, or that the gravity of the situation can be overstated. The proposition to revolutionize our monetary system and thus destroy the credit of the government and the people at home and abroad, violate the obligations of all contracts, unsettle all exchangeable values, reduce the wages of labor, expel capital from our country, and seriously obstruct the trade of our people among themselves and with the peoples of other countries, is one which challenges the intelligence, patriotism, and commercial honor of every man to whom it is addressed. No matter what may be the real purposes and motives of those who make the proposition to legalize the free and unlimited coinage of silver at a ratio of 16 to 1, these are the consequences involved in their scheme, and, in my opinion, they can not be avoided if it should be adopted. In no part of the country will the consequences of such a policy prove more injurious to the material interests of the people than in the undeveloped and progressive South. When the great civil

war closed your industrial system was destroyed, your commercial relations were all broken up, your currency was worthless, your farms were devastated, your mines were closed, your forests were untouched, your water power was useless, and your railways were unsafe and inadequate, even for the limited service they had to perform; but your great natural resources were still unimpaired, and upon that foundation you have constructed, and are still constructing, a system of diversified industries and interstate and international commerce which, if not disturbed by unwise experiments in financial legislation, must attract to your section of the country all the active capital and skilled labor necessary to make it the most prosperous part of the continent. Your magnificent deposits of coal and iron, your fertile soil, adapted to the growth of cotton, sugar, and many other products which no other part of the country will yield, your unrivaled facilities for the manufacture of iron and steel, cotton goods, lumber, oil, furniture, and almost innumerable other articles which can be cheaply produced from the raw materials within your limits, constitute the elements of a marvelous growth and prosperity which nothing can prevent if the people of the South will continue to exhibit in the future the same spirit of conservatism and the same devotion to principle that have always characterized them in the past. The world has never witnessed a grander exhibition of courage and fortitude than was presented here when a defeated and impoverished people, without money or credit, and almost destitute of the tools and implements necessary to the performance of manual labor, went uncomplainingly to work to re-establish their social order, renew their commercial relations, and reconstruct their industrial system; and I am unwilling to believe that the same people can now be so discouraged by a temporary business depression, or so moved by appeals to their prejudices, that they will hastily resort to new and hazardous experiments with the currency in which all their transactions must be conducted.

ARGUMENTS, NOT MOTIVES, IMPEACHED.

I do not charge that our fellow-citizens who propose to revolutionize our monetary system by a sudden change in the standard of value really desire to see the business of the country ruined, or even injured, or that they believe any injurious consequences would follow the adoption of their policy; but, in my judgment, the results would be most disastrous to the material interests of all the people in every part of the country; and, therefore, I shall appeal to them carefully to review the grounds upon which their opinions have been formed before it is too late to correct a possible mistake upon a subject of such supreme importance to themselves and to their posterity. It is not necessary to impeach their motives in order to answer their arguments, nor would it be wise or proper to underestimate the intellectual and material forces behind this great popular movement in the South and West—a movement which now seriously threatens to disrupt existing political organizations and reform party lines; but, no matter what may be the motives or the present numerical strength of our opponents in this controversy, the merits of the policy they propose to inaugurate must be subjected to the tests of reason and experience, and if it is shown to be impracticable, or fundamentally wrong in principle, we may be confident that it will not finally command the support of a majority of our people.

METAL FIXES VALUE OF COIN, NOT COIN OF METAL.

Before proceeding to the discussion of the main question presented, it may be advantageous to state as briefly as possible a few admitted or well-established facts having an important bearing upon it. From the earliest times gold and silver have been used as money, not because there was at the beginning any law declaring them to be money, but because, by reason of their limited and regular supply, their great value as compared with other things in proportion to weight and

bulk, and their durability, they were more stable and convenient than any other commodity as measures of value in making exchanges. Consequently, these metals were used as money by common consent of the people for centuries before there was any law upon the subject or any coins in existence; they passed by weight, and their values in effecting exchanges were determined by the quantity of pure metal contained in each piece. Each metal had a distinct value of its own, and when it was used in trade neither the buyer nor seller troubled himself about the ratio between it and the other metal. The laws of trade fixed and regulated the actual and relative values of both metals in the purchase and sale of other commodities just as they do now. They had been used as money several centuries before any government undertook, by royal proclamation or statute law, to establish a ratio between them, and when this character of legislation was first begun the public authorities did not attempt to establish new values or new ratios, but accepted those already fixed by the laws of trade and the custom of merchants. Coins were made, not for the purpose of attempting to add anything to the intrinsic or exchangeable value of the metal contained in them, but for the purpose of attesting, by public authority, its weight and purity, thus avoiding the delay and uncertainty resulting from the practice of weighing each piece as it passed from one to another. That the coinage of the metals does not now add anything to their actual value in the commercial world is conclusively proved by the facts that in all the great transactions between the people of different countries the coins are accepted only at their bullion value, determined by their actual weight and fineness, and that bullion itself is still used in making payments, just as it was thousands of years ago. Whatever effect legislation upon the ratios, in connection with legal tender laws, may have had upon the use of the two metals in the payment of antecedent debts, it has never had the slightest effect upon the actual or relative values of the two metals in national or international trade. For many centuries, even after

the commerce of the world had grown to enormous proportions, the propriety of making any given quantity of bullion, or any particular coin, a legal tender was not even suggested, and up to the present time there is no legal tender in international trade. Whether payments are made in gold or silver coins, or in gold or silver bullion, actual intrinsic value determines the amount or quantity to be delivered, no matter what may be the legal tender laws of the different countries, and no matter though they may have the same or different ratios of value between the metals within their respective limits. The law of France, for instance, places a higher value upon silver relatively to gold than is placed upon it by the laws of the United States, the French ratio being 15½ to 1, and ours being 16 to 1; but if sixteen pounds of our silver, coined or uncoined, were sent to that country to be used in the payment of a debt or in the purchase of commodities, it would not be accepted at the ratio of 15½ to 1, or at the ratio of 16 to 1 as compared to gold, but only at the ratio of about 32 to 1, which shows that neither our ratio nor the French ratio has any effect whatever upon the value or purchasing power of the metal itself. Coinage is free in Mexico, and the dollar, which is full legal tender, contains 377.17 grains of pure silver, while our dollar contains only 371.25 grains of pure silver; yet Mexican silver dollars are sent into the United States and other parts of the world and sold at the price of the bullion contained in them, which is about one-half their nominal or legal value in their own country. The legal tender laws affect the debt-paying power of the coin itself in the country where the laws prevail, but the laws establishing ratio do not affect the value of the metal contained in the coins either at home or abroad, because it is the metal that fixes the value of the coin, and not the coin that fixes the value of the metal.

RATIO OF COIN TO CREDIT.

For a long time, during the early history of the world, and even during the medieval age, gold and sil-

ver, in bullion or in the form of coins, constituted almost the entire circulation among the people, even in the nations most advanced in trade and civilization, and consequently the quantity of these metals that could be procured and kept in use was a question of far greater importance then than it is now or ever can be in the future. When life and property had been made reasonably secure by the establishment of stable governments, and regular processes were authorized for the enforcement of pecuniary obligations, credit or confidence largely took the places of bullion and coin in the commercial transactions of the people, and a much smaller amount of metallic money was required in proportion to the whole volume of business done than had been required before. The use of credit in the form of bank notes, checks, bills, and other evidences of debt had so increased in modern times that in all highly organized commercial communities the use of coin, except in making change, had been almost entirely dispensed with. The percentage of coin actively employed in conducting business in this country is so small that it is almost inappreciable; so small, in fact, that its disuse in our transactions would not be felt if we had a substitute for, or a paper representative of, the subsidiary pieces. In England, France, and some other countries a larger amount of coin is used, because they have no very small notes.

Although we have the gold standard, or measure of value in this country, our actual stock of gold bullion and coin amounts to only about one-third of our actual currency — a condition of affairs which would have been inconceivable a few centuries ago. We have about $ 625,000,000 in gold, $ 397,652,873 in full legal tender silver, $ 346,681,000 in old United States notes, $ 149,584,471 in Treasury notes issued in the purchase of silver bullion, $ 209,719,850 in national bank notes, and $ 76.169.569 in subsidiary silver coin, making in all $ 1,804,707,763, exclusive of the minor coins, and every dollar of this vast volume of currency is kept equal in value to the standard established by law, so that every man who receives a silver dollar or paper dollar in ex-

change for his products, or in satisfaction of a debt, gets just as good a dollar as the man who receives gold. This is the monetary system and this is the financial condition which the advocates of free coinage at the ratio of 16 to 1 now propose to revolutionize at once by a change in the standard of value, so that the whole mass of circulation left for the use of the people would be reduced to about one-half the purchasing power it has now; or, in other words, so that it would require about double the amount of currency that is required now to perform the same service in the exchange of commodities. But the consummation of such a policy would produce results more far-reaching and disastrous than the mere reduction of the standard of value; because, for a long time, at least, credit, which constitutes by far the most important factor in our financial and commercial transactions, would be substantially destroyed by the confusion and uncertainty necessarily following such a great and sudden change in our monetary system.

A PHYSICAL AND METAPHYSICAL ABSURDITY.

But it is contended by a large number of the advocates of free coinage — perhaps a majority of them — that the effect of their policy would be, not to abolish the present standard of value, and substitute the single silver standard in its place, but that it would establish what they call bimetallism and a double standard. I confess my inability to understand what is really meant by a double standard or measure of value; the idea is incomprehensible to my mind, because I can not conceive how it is possible to have two different legal and authoritative measures of the same thing in use at the same time, as, for instance, a pound weighing sixteen ounces and a pound weighing eight ounces, or only half as much, and both declared by law to be legal pounds. I agree entirely with Gen. Jackson's Secretary of the Treasury, who said: "The proposition that there can be but one standard in fact is self-evident." The proposition to establish and maintain two

different measures of value to be in use at the same time, and to be applied to the same things at the same time, embodies a physical and metaphysical absurdity, and this is so evident that the ablest thinkers and writers upon the subject have been at last forced to abandon it. Prof. Francis A. Walker, one of the most distinguished bimetallists in the United States or in the world, in a carefully prepared paper recently published, says:

> "But one thing more remains to be said in this connection; that is, in reply to the allegation of the monometallist writers that the course of events in France which has been recited, did not constitute a genuine case of bimetallism. If these writers may be permitted to impose their own definition upon us, their contention can, to a considerable extent, be made good. What they say is, that France from 1803 to 1873 did not enjoy the concurrent circulation of the two metals, but only an alternate circulation, now of one and now of the other; and this, they declare is not bimetallism at all. Therefore, according to their view, there is no great historical instance of the success of bimetallism.
>
> "If, on the other hand, we may be permitted for ourselves to say what we mean and propose by bimetallism, the criticism in question does not touch our case at all. We flatly deny that bimetallism necessarily involves the concurrent circulation of the two metals. There is some reason to believe that the French statesmen of 1803 really expected that concurrent cirlation would result; but no bimetallist nowadays makes the concurrent circulation of the two metals in the same country a necessity of that system. If it results only in establishing an alternating circulation, the chief results of bimetallism will still be achieved, as they were by the action of France."

This is intelligible, for we can all understand how it is possible to have an alternating standard and circulation, sometimes gold and sometimes silver, and the monetary history of the world proves that this is just what happens whenever the two metals are freely coined in any country and made full legal tender. Values will always be measured by the kind of money in actual circulation, no matter what the law may declare, and, therefore, if the free and unlimited coinage of silver at the ratio of 16 to 1 should drive out gold and substitute silver and paper redeemable in silver in its place, we should have a single silver standard

and actual silver monometallism. Instead of using both gold and silver as we do now in larger amounts than ever before in our history, we should instantly expel the more valuable metal from the country and make the other the sole basis of our currency. We have now practical bimetallism — the use of both metals as money; we should have then practical monometallism — the use of only one metal as money. This is neither speculation nor prophecy, but a conclusion based on facts established by the experience of all nations in all ages.

THE FREE COINAGE PROPOSITION STATED.

In order to eliminate all irrelevant matter and simplify the argument, allow me to state exactly what the proposition now pending before the people is: It is proposed that the United States, without the cooperation or assistance of any other government, shall provide by law that all the silver bullion, or foreign silver coins, that may be presented at the mints by individuals or corporations, foreign or domestic, shall be coined, at the public expense, into silver dollars, at the ratio of 16 to 1 with gold — that is, that sixteen pounds of silver shall be considered equal in value to one pound of gold, and the weights of the coins shall be adjusted accordingly — and that the coins so made at the public expense shall be delivered to the owners of the bullion or foreign silver coins, as the case may be, and all the people of the United States, but nobody else, shall be compelled by law to receive them as dollars of full value, in the payment of debts due to them from their own fellow-citizens and from the citizens or subjects of other countries. It is not proposed that the citizens or subjects of other countries, with whom our people trade, shall be compelled to receive these silver dollars in their transactions with us, because that can be done only by international agreement, and our impatient free coinage friends declare their determination to proceed at once independently of all other governments. All who are indebted to us

are, therefore, to have the privilege of paying in silver, while all to whom we shall become indebted are to have the privilege of requiring us to pay in gold.

Measured by their purchasing power in the markets of the world, which is the only real test, the relative value of silver bullion to gold bullion is about 32 to 1; that is, it requires in all countries, silver standard countries as well as gold-standard countries, about 32 pounds of silver bullion to procure the same quantities of commodities that one pound of gold bullion will procure, and, therefore, the proposition to authorize the free and unlimited coinage of silver into full legal tender money at the ratio of 16 to 1 means, under existing conditions, that the intrinsic value of the silver dollar shall only be half, or about half, the intrinsic value of the gold dollar. My own opinion is that after we had passed a certain limit the more silver dollars we coined the less they would be worth, because the inflation itself would still further diminish their purchasing power. Such legislation by the United States alone would not reduce the value of the gold dollar to any extent whatever, because, as already stated, the value of that metal in commercial transactions all over the world is estimated according to its weight and fineness, and will continue to be so estimated, and consequently the only way in which this country alone could diminish the value of its gold dollar would be to reduce the weight of the pure metal contained in it.

THE WORLD-WIDE FAILURE OF RATIOS.

he attempt to coin the two metals without limit as to amount in full legal tender money and keep both in circulation at the same time has been made by nearly every civilized nation in the world and has failed in every one of them. It has failed because in every instance it has been found impossible to establish and maintain a legal ratio corresponding at all times with the intrinsic or commercial ratio between the two metals contained in the coins, and because

whenever either of the metals was undervalued relatively to the other in the coinage laws it was expelled from the country. England persisted in the attempt for nearly five hundred years and, notwithstanding the enactment of most severe penal statutes against the exportation of coins or bullion, was at last forced to abandon the effort and adopt the single standard. France, in her efforts to keep the coins of the two metals in circulation at the same time, changed the legal ratio between them more than one hundred and fifty times in a single century, and finally, in 1878, finding that gold was leaving her and that in ten years her net imports of silver had amounted to \$280,000,000, stopped the coinage of legal tender silver, and for seventeen years the attempt has been abandoned in that country. Many other nations in Europe and other parts of the world have subjected their people to great loss and expense by their adherence to monetary systems based upon the theory that a double standard could be maintained, but in no case have they succeeded in keeping the coins of the two metals in use at the same time, except for very short periods. Our own country is not without experience upon this subject, and the results here were just the same as they have been everywhere else. By the act of 1792, which was our first coinage law, the legal ratio between gold and silver was fixed at 15 to 1, when in fact the true commercial ratio was or soon became about 15½ to 1, and the result of this very small overvaluation of silver in the coinage was that gold went out of circulation and we had practically silver monometallism until after the passage of the Act of 1834. For the purpose of restoring gold to the circulation, Congress in 1834 changed the ratio from 15 to 1 to 16 to 1, and as this was an overvaluation of gold in the coinage, silver left the country, and from that time on until 1878 we had practically gold monometallism, whenever we had any metallic basis at all for our currency.

It would be a useless consumption of time to go into a detailed account of the monetary legislation of this and other countries, or to show at length how it

affected the movements and use of the two metals by its repeated failures to conform the legal ratio to the actual commercial ratio between them. The great and important fact conclusively established by the history of that legislation and its effects upon the circulation of the coins of the two metals is, that whenever one of them is overvalued relatively to the other in the coinage laws, with free coinage or coinage upon equal terms, and both are made legal tender, the coins of the undervalued metal will be driven out of circulation and out of use as money in the country where the unequal valuation is made. The reasons for this are perfectly plain. Both being legal tenders, the least valuable coins will always be used in making payments, and will become the measures of value in the exchange of commodities, and consequently the more valuable coins will be hoarded or sent out of the country into a market where their real value will be recognized. Now, as this is just what has always occurred—at least in modern times, when commercial relations between different countries are so intimate and the means of transportation are so rapid and cheap—even when the undervaluation or overvaluation amounted to only one or two per cent., I think we are fully justified in concluding that if the United States alone should adopt the policy of free and unlimited coinage of legal tender silver at the ratio of 16 to 1, which would be an overvaluation of that metal to the amount of 100 per cent., all the gold in the country would be immediately hoarded or exported or be held as a commodity by speculators engaged in the business of buying and selling it at a premium. If this should be the result, the free coinage of silver would not for a long time add anything whatever, even nominally, to our stock of money; on the contrary, the immediate effect of such a policy would be a contraction to the extent of fully one-third of our present volume of currency by the expulsion of about $625,000,000 in gold, and it would require more than fifteen years to supply its place with silver dollars, even if our mints coined nothing else.

CONTRACTION, FLUCTUATION AND DEPRECIATION.

All who have been or may be induced to give their support to this revolutionary policy, upon the assurance that it will give the country more money for use in the transaction of business, will be greatly disappointed, for they will find, when it is too late, that instead of having more money they will have less, and that it will be depreciated in value besides. The introduction into the currency of a country of any kind of money about which there is the least doubt will always operate to drive out the same amount, or about the same amount, of better money, and thus leave the people with substantially the same volume of currency they had at the beginning. The act providing for the purchase of silver bullion and the issue of legal tender Treasury notes in payment for it was passed on the 14th day of July, 1890, and the purchasing clause of that act was repealed November 1, 1893. While it remained in force, United States Treasury notes were issued to the amount of $ 155.931,002, and there were many people who believed that this was making a material and permanent addition to the volume of our currency; but the official records show that during the same time the net exports of gold from this country amounted to $ 103,419,491, so that the real addition to our circulation accomplished by the issue of nearly $ 160,000,000 of new notes was about fifty-two and a half million dollars during a period of more than three years. The mere apprehension that the government would not be able to maintain the parity of the two metals under the policy inaugurated by that act not only discredited the new Treasury notes themselves, but the whole volume of our currency, and gold went out about as fast as the new notes came in. While, therefore, it is not at all certain that free coinage would ultimately make any considerable addition to our circulation, it is absolutely certain that it would give us a depreciated and fluctuating currency, and the question is whether the producers of cotton, wheat, corn, beef, pork, oil, lard, cheese, and other exportable

articles will be benefited or injured by such a result. It is an axiom in trade that the prices of exportable products are fixed in the foreign market where the surplus is sold, and are fixed in the currency of that country according to the nominal value there. If sold in England, for illustration, the prices are fixed and paid in pounds, shillings and pence, and not in dollars and cents, and, consequently, it makes no difference to the foreign purchaser what kind of currency the producer has at home. The character or value of the currency in use in the producing country does not affect the price of the article abroad to any extent whatever, for the purchaser there trades in his own market and uses his own currency in measuring values. The establishment of a silver standard here could not possibly increase the price of cotton or wheat or any other American product in Liverpool, London, Paris, or Berlin, whatever effect it might have upon the nominal price in this country. If our monetary system were so changed that it would require two dollars to purchase here the same quantity of commodities that one dollar will purchase now, it would not affect the value or purchasing power of the English pound sterling, the French franc, or German mark in the least. The only effect would be that the exchange would be doubled, and the pound sterling instead of being worth $ 4.866 in our currency, as it is now, would be worth $ 9.732, and when our people wanted to make a remittance to pay a debt abroad they would have to pay twice as much in our money for the same number of pounds as they pay now, while the foreigner who wanted to make a remittance to pay a debt here would pay only half as much in his money for the same number of dollars as he pays now. But the exchange would be in a constant state of fluctuation, just as it has been between Great Britain and India on account of the changes in the prices of silver from day to day; and the American producer would be compelled to pay for the risk taken on account of the fluctuations by receiving a less price for his cotton, wheat, beef and other articles. The farmers and planters do not export

their own products, but they sell them at home to somebody else, who sends them abroad, and if the exchange is steady and the money in which he is to pay for the products has a fixed value relatively to the money in use in the country where he expects to sell them, the purchaser here can afford to pay the highest price that would leave him a reasonable margin of profit in view of the conditions existing in the market abroad. In other words, he has to incur but one risk — the possible fall in the price of the products abroad; but if the currency here is depreciated and fluctuating, if our money has no fixed and certain value relatively to the money in use abroad where he expects to sell the products, there is an additional risk to be incurred which will have great influence in determining the price he can afford to pay the producer. In addition to the risk of a fall in the price of the products abroad he must incur the risk of a rise in the price of silver between the time of his purchase and the time when he receives the proceeds of his sale, for if silver rises in the meantime he may not get back as many dollars as he paid out. The producer must pay for both of these risks by receiving a smaller price for his commodities, and hence his prices will never increase in proportion to the actual depreciation of the money in which they are paid. To illustrate my meaning, when silver is worth 60 cents per ounce, the bullion contained in a silver dollar is worth 46.4 cents, but if the price of silver should advance to 62 cents per ounce the value of the bullion contained in a silver dollar would be 48 cents — an increase of over 3 per cent. Now, the price of cotton or wheat will not rise in proportion to the depreciation of the dollar in which it is to be paid; that is, the purchaser for export will not pay for it at the rate of 46.4 cents for each dollar when silver is worth 60 cents an ounce, because he knows that silver may rise to 61 or 62 cents per ounce before he can sell the product abroad and get his money for it, and he knows that if this happens the gold he receives abroad can not be exchanged for as many silver dollars as he paid the producer here. He will not take

all this risk upon himself, but will compel tne producer to bear it by receiving a less price for his cotton or wheat; and this argument applies with equal force to all other articles. It is impossible to estimate accurately the amount of loss which this would inflict upon the American producers of exportable products. but it would undoubtedly be very great, as the value of our exports of domestic merchandise is nearly $870,000,000 per annum, and a small percentage upon this large sum would very materially affect the incomes of our producers.

THE "DEBTOR CLASS" ARGUMENT.

It is argued that the existing standard of value ought to be abandoned because since 1873 prices of commodities have fallen, and will continue to fall, if the standard is maintained, so that it has been, and will continue to be, more and more difficult each succeeding year to pay debts; that this fall in the prices of all commodities is attributable to the appreciation of gold, and that the appreciation in the value of gold has been caused by the alleged demonetization of silver in Germany in 1871 and 1873, the omission of the standard silver dollar from the coinage of the United States in 1873, and the suspension of the coinage of silver by France in 1878. It is true that the prices of many things have fallen since 1873, but it is true, also that the prices of many things had fallen long before that date. The assertion that the fall in prices since 1873 is due to the appreciation of gold alone is based upon the assumption that the relations between supply and demand have not changed; that there has been no diminution of the cost of production and distribution; that the facilities for effecting financial exchanges have not been improved, and, in brief, that the world has made no progress in the conduct of its industrial and commercial operations for more than twenty years. This assumption is so inconsistent with well known economic and historical facts that it seems scarcely worth while to give it a serious consideration. Reductions in the

prices of commodities are generally due to so many different causes that it is scarcely ever possible to ascertain the extent of their separate influences. I presume, however, that even the most ardent advocates of free coinage would be willing to admit that the invention and use of labor-saving machinery, the extension of our railroad systems, the improvement of our waterways, and the great reductions in the rates for carrying freight, the employment of steamships, the use of the telegraph on the land and under the sea, the application of electricity in the production of light, heat, and power, the utilization of by-products which were formerly wasted, the introduction of more economical methods in the processes of production, the wonderful advance made by our laborers in skill and efficiency, the greatly reduced rates of interest paid for the use of capital, and many other things which it would require much time to enumerate and explain, have affected prices in some measure, at least, and yet they ignore all these great influences in their argument upon the subject and attribute the lower prices of commodities to a single alleged and inadequate cause — the appreciation of gold. I presume, also, that our free coinage friends will admit that if the change in prices has been caused entirely by the appreciation of gold, the reduction would have affected all things alike, because it can not be denied, that in the absence of other influences, gold must bear the same relation to the price of one article that it bears to the price of another. But we do not find that the prices of all things have been reduced in the same proportion, nor do we find that the prices of all things have in fact been reduced. It would require far more time than could be devoted to the subject upon such an occasion as this to discuss the subject of prices in all its details, nor is it necessary to do so for the purpose of this argument, because a very few illustrations will serve to show the weakness of the contention that the decline is due alone to the appreciation of gold.

SOME FACTS CONCERNING WAGES AND PRICES.

In 1891, 1892, and part of 1893 I had the honor to serve on a sub-committee charged by the Senate of the United States with the duty of ascertaining the course of prices of wages of labor for as long a period as authentic records would enable us to embrace in our investigation, and, after a most thorough and impartial examination of the subject, a report was made which fills four large volumes and embodies a mass of information upon these subjects which can not be found in any other official form. As to the course of prices and wages the committee was unanimous, though there were differences of opinion among the members as to the causes that had from time to time produced the changes. The prices of many articles and the wages of labor in many occupations were ascertained during each year as far back as 1840, and for the purposes of comparison the prices of commodities and the wages of labor in the year 1860 were adopted as the standard. The sufficiency of the reasons for selecting that year rather than any other will not, I think, be questioned. There were no great financial or other disturbances during that year, business was in a normal condition in all parts of the country, no changes had been made in the monetary systems of the world for many years, the United States was using gold as the measure of value, just as it is now, except that there was no legal tender silver in circulation as there is now, the people were prosperous and the prices of commodities and the wages of labor were fairly adjusted with relation to each other. At the time when the investigation was made all the legislation in regard to silver now specifically complained of had been accomplished, and if prices or wages had fallen, there was as much reason to attribute the reduction to that legislation then as there is now. Ample time had been afforded for its effects, if it had any, upon prices and wages to be felt, and the fact that the investigation was not made for the purpose of influencing legislation upon the silver question adds to the value of its results.

In the first place, the committee unanimously selected 232 articles in common use which it was agreed constituted the great bulk of the consumption and expenditure of the people, and these articles were separated into eight classes or groups; that is, clothes and clothing, fuel and lighting, metals and implements, lumber, and house-building materials, drugs and chemicals, house-furnishing goods, and miscellaneous commodities. It was found that the prices of articles used for food, taking them altogether, had fallen less than 10 per cent. since 1873, while the prices of clothes and clothing had fallen 32 per cent.; fuel and light nearly 24 per cent.; metals and implements 35 per cent.; lumber and building materials, nearly 20 per cent.; drugs and chemicals, 31 per cent.; house-furnishing goods, 27 per cent.; and miscellaneous articles, 10 per cent. The prices for the year 1860 being taken as the standard, were represented by 100, and increases and decreases were shown by deviations from that number up or down, as the case might be. The investigation showed that at the time it was made articles of food stood at 103.9, or nearly 4 per cent. higher than in 1860; clothes and clothing at 81.1; fuel and lighting at 91; metals and implements at 74.9; lumber and house-building materials at 122.3; drugs and chemicals at 86.3; house-furnishing goods at 70.1; and miscellaneous articles at 95.1. These results of the investigation establish three facts which have an important bearing upon the present controversy. The first fact established is that the present prices of articles of food which are the products of the farms, gardens, orchards. and dairies of the country, were about 4 per cent. higher than they were in the year 1860, long before the silver legislation now complained of; the second is, that the fall in the prices of these farm products since the year 1873 has been much less than the fall in the prices of the commodities the farmers have to buy; and the third is, that the reductions in prices have not been uniform, either as to particular articles or groups of articles, and therefore can not be attributed to one and the same cause — to the appreciation of gold for

instance. The conclusion is inevitable that various influences have operated to produce these changes in prices, some affecting one group of articles and some another, and doubtless some affecting all, but to no one influence can the whole result be attributed. Cotton and wheat are the commodities most frequently referred to by those who contend that the fall in prices is due to the appreciation of gold, but there is nothing whatever in the methods of producing those articles, or in transporting or selling them, or in the character of the money received for them, which would make the appreciation of gold affect their prices more than it would affect the prices of other commodities produced by our people. In addition to the various causes which have more or less affected the prices of all articles, the prices of these two products have been seriously affected by the enormous increase in their production since the year 1872, which was the last crop year preceding the legislation in regard to silver. The production of cotton in this country in 1872–73 was 2,974,351 bales, containing an average of 439 pounds net weight, while the production in 1893–94 was 7,549,-817 bales, containing an average of 474 pounds net weight, or an increase of nearly 200 per cent. in this country alone, besides the great increase that has taken place in competing countries; and in 1894–95 the production here was much larger, being nearly 10,000,000 bales. According to the statistics of the Agricultural Department the production of wheat in this country in 1872 was 249,997,100 bushels, and in 1894, 460,267,416 bushels, or nearly twice as much, and there has also been an enormous increase of production in competing countries. But, gentlemen, notwithstanding the great increase in the production of cotton and wheat, here and in other countries, and the consequent decline in their prices, a given quantity of either of them will now purchase in our own markets and in the markets abroad a larger share of many other useful commodities than it would have purchased in 1872 or 1873; so that, in fact, as compared with many other things, the values of cotton and wheat have appreciated.

WAGES INCREASED.

The one thing which has been less affected by the changes in the relation between supply and demand, by improvements in the methods of production and distribution and by the other influences which produce fluctuations in prices of commodities generally, is labor, and it is by far the most important single source of income possessed by our people, a much larger amount being expended every year in the payment of wages than for any other one purpose. The cost of labor in the manufacturing and mechanical industries alone during the census year 1889 was $2,283,216,529, which was nearly two and one-half times the value of all the wheat and cotton produced in this country; and if we add to this the amounts paid for farm labor, for clerical and other work in mercantile establishments, for domestic service and for work on railways of all kinds, on water craft, on streets and other improvements in the cities, and in the many other occupations which give employment to our people, we would have a sum almost, if not quite, equal to the value of all our agricultural products. It is evident, therefore, that if the alleged depreciation of gold alone has caused a reduction of prices, the wages of labor, the greatest commodity in the market, should have fallen since 1873; but exactly the reverse is true. The investigations of this subject by the sub-committee covered a period of fifty-two years and embraced all the occupations in which our people were engaged, and the fact, unanimously found, was that, although eighteen years had elapsed since the silver legislation, the wages of labor were higher than in 1872 or 1873. Wages were found to be nearly 61 per cent. higher than in 1860, which was thirteen years before the silver legislation, and more than eight per cent. higher than in 1873, when that legislation was adopted.

ALTERNATING MONOMETALLISM—REDUCTION OF REDEMPTION MONEY.

The argument that the reduction of prices is due to the appreciation of gold is necessarily based upon

the further assumptions that the legislation in regard to silver has produced a scarcity of redemption or metallic money in the world, and that prices are fixed and regulated by the amount of such money in circulation, or available for circulation. Neither of these assumptions is justified by the facts. The most exhaustive efforts have been made from time to time by the Treasury Department, through the Director of the Mint, by careful examinations of the monetary statistics of other countries, by correspondence with our diplomatic and consular representatives abroad and with foreign financial authorities, and otherwise, to ascertain the actual amount of gold and silver used as money in the world, and the result shows that there is now more gold and silver in the aggregate, and more of each one of them, in use as full legal tender money than there ever was at any other time in the history of the world. The gold in use as money amounts to $3,965,900,000, the full legal tender silver amounts to $3,435,800,000, and the limited legal tender silver amounts to $619,900,000. The policy of maintaining, or rather attempting to maintain, the so-called double standard never succeeded in keeping so large an amount of full legal tender silver in circulation in the world as there is at this time, and one of the principal reasons for this is that the effect of that policy was to drive first the coins of one metal and then the coins of the other into the coffers of the hoarders or into the melting pots, because they were undervalued in the coinage laws and would not remain in use as money.

PER CAPITA; REGULATING THE CURRENCY BY THE CENSUS RETURNS.

I attach very little importance to the per capita argument, because the amount of currency required in a country depends mainly upon the volume of business to be transacted and the customs of the people in conducting their exchanges, and not at all upon the number of men, women, and children residing in it; but, as there are a great many who believe that the circulation should be regulated by the census returns,

it may be worth while to state that the production of gold alone in 1890—and it is much larger now—was nearly two and one-half times greater than the average annual production of gold and silver both during the decade which closed with the year 1800. In 1800 the population of all the countries in Europe and America was 197,505,895, and the production of gold and silver amounted to $24.49 for every hundred inhabitants, while in 1890 the population of the same countries was 466,789,341, and the production of gold alone was $118,849,000, which amounted to $25.46 for every hundred inhabitants, or ninety-five cents more for each hundred people than was furnished by both metals during each year in the former decade. In 1894 the population of these countries was 485,180,841, and the production of gold alone was $157,228,000, being $32.41 for each hundred inhabitants, or $7.92 more for each hundred people than the total of both metals during the last decade of the last century. If, therefore, the people of Europe and America had used as money all the gold and all the silver annually produced in the world one hundred years ago, they would not have received as large a per capita addition to their stock of money as they would receive now by adding the gold alone. In view of these facts, I submit that the silver legislation of 1871 and 1873, and in 1878 has not diminished the world's supply of metallic money as compared with former times and prevented the single gold-standard countries from making as great an annual addition to their stock of metallic currency.

Official monetary statistics show that in the gold standard countries of the world the stocks of money are much larger per capita than in the silver standard countries. Taking the large gold standard countries and the large silver standard countries, it appears that in 1894 the stock of money in the United States was over $25 per capita, in the United Kingdom nearly $20, and in Germany, nearly $19, while in Mexico the per capita was $4.71, in Russia and Finland $8.32, and in China $3.26. The gold standard countries use large

amounts of silver as money, but the silver standard countries use no gold as money, and can not do so for the reasons I have already endeavored to explain. But, gentlemen, for the reasons already stated, the commercial nations of the world do not now require the same proportion of metallic money in the transaction of their business that they required a few centuries ago, or even one century ago. Credit has been vastly extended and the use of paper in the form of notes, checks, and bills has almost entirely displaced metallic money in the daily business of the people, and as long as these forms of credit are kept equal in value to the metallic standard, the effect upon the prices of commodities is precisely the same as if the whole volume of circulation consisted of standard coin, for, as long as equality in their value can be maintained, the paper representatives of the dollar perform exactly the same office in the exchange of commodities that gold dollars themselves would perform; but if this equality is destroyed, the paper is discredited, its purchasing power is diminished, and the people have no longer a stable measure of value.

"CHEAP MONEY" FOR DEBTORS, INDIVIDUAL AND CORPORATE.

One of the most effective arguments made by the advocates of free coinage, in some parts of the country at least, is that the people are in debt, and that it is the duty of the Government to relieve them by such legislation as will enable them to procure cheap money for the purpose of discharging their obligations, and in support of this argument the most exaggerated statements are made as to the depressed and suffering condition of our farmers, wage earners, and other producing classes. This argument concedes that under the proposed system of free coinage at the ratio of 16 to 1 all the various kinds of currency in use by the people, including the silver dollar itself, would be worth less than it is now, for, of course, if this is not to be the result money would be no cheaper than it is now. To assert that the people are in debt is simply to say that

they have traded with each other on credit, that one part of our fellow-citizens, relying upon the integrity and financial standing of their neighbors and acquaintances, have lent them money on time and sold property to them without demanding immediate payment in cash, and that in this way they have enabled many people to carry on a useful business and live in comfortable homes who otherwise could not have done so. If it is a crime to lend money to a man who wants to borrow it, or to sell property on credit to a man who wants to purchase it and has no ready money to pay for it, let the perpetrators be properly punished, but let us not involve the whole country in confusion and disaster and immolate the innocent and guilty alike in order to punish the real offenders. If our people are in debt they owe each other, and, consequently, about as many would be actually injured as would be apparently benefited by scaling the obligations down to a silver standard. The indebtedness of the farmers, mechanics, and other laboring classes of our people, although large in the aggregate, is quite small in comparison with the whole indebtedness of the great railroad and manufacturing corporations, the national and State banks, savings institutions, trust companies, insurance companies, building associations, and other organizations engaged in financial and commercial enterprises. These various organizations are indebted to the people to the extent of many billions of dollars, and while it is true that many of the people are also indebted to them, their debtors and creditors are not the same persons, and, therefore, the debts can not be set off against each other and extinguished in that way. I deny that there is any such thing as a distinct "debtor class" in this country, for, while nearly every one owes some debts, large or small, nearly every one has also some debts owing to him; in other words, he is both debtor and creditor. The laboring people, as a general rule, owe very little at any one time, while their employers are always indebted to them, because wages are not paid in advance; and besides, many of them have small deposits in savings and other banks, in trust companies,

in building associations, and large numbers of them have their lives insured for the benefit of their wives and children, and consequently they are creditors of the banks and the insurance companies. The savings bank depositors in this country last year numbered 4,777,687, and the wives and children of the depositors who depended upon these accumulated earning for future support doubtless numbered 10,000,000 more. There were 1,925,340 depositors in the national banks last year, and 1,724,077 of them had deposits of less than $1,000 each, while State and private banks and loan and trust companies held deposits for 1,436,638 people. Our life insurance companies, to say nothing of companies insuring property against loss by fire and otherwise, had 7,505,870 policies outstanding last year, upon which the premiums had been paid, or were being paid by the people, and the mutual benefit and assessment companies had 3,478,000 members. The building and loan associations had nearly 2,000,000 members, all of whom had paid their money in as required by the rules of the body to which they belonged. Here, then, are about 21,000,000 of our people, generally poor, or, at least, people of moderate means, who have given credit to these great corporations and companies, and, in my opinion, it would be a grievous wrong to adopt any policy which would deprive them of the legal right to demand and receive just as good money as they parted with when they made the deposits in the banks or paid the premiums on their insurance policies. The hard earned savings of the poor ought not to be sacrificed to the avarice of the wealthy mine owners or the ambition of aspiring politicians, and if the people who have a substantial interest in the welfare of the country and a just appreciation of their responsibilities as citizens will exert their proper influence in public affairs this great wrong can never be perpetrated.

BANKING AND CURRENCY PROBLEMS. OUR HIGHEST DUTY.

Mr. President, but little remains for me to say before bringing these remarks to a conclusion. It is not

my purpose to discuss upon this occasion the various propositions which have been made from time to time for the improvement of our banking system, or for the retirement of United States notes, because the questions involved in them are so important and so large that they can not be properly considered in connection with the subject to which my time has been devoted. We have an abundance of money in this country for all the purposes of trade, and the disturbances and hard times of 1893 and 1894 were not caused by a scarcity or contraction of the currency, but by a contraction of credit resulting from a loss of confidence in the stability and value of our currency. So far as the mere volume of our currency is concerned, we had then and have now an ample supply for all necessary purposes, but under the existing system it is not properly distributed and is not sufficiently elastic to meet all the changing requirements of business at different periods of the year. The United States should go entirely out of the banking business by the withdrawal of its arbitrary and compulsory issues of notes and afford the people an opportunity to supply their own currency based upon their own means and credit, thus enabling every community to utilize its own resources when necessary, and adjust the circulation from time to time to the actual demands of legitimate commerce. In what way this shall be accomplished is a question which has already engaged the serious attention of the people and public authorities, and it will no doubt continue to be investigated and discussed until a plan is formulated which, if not perfect, will at least have the merit of being a great improvement upon the existing system. In the meantime our highest duty is to preserve the present standard of value, maintain the parity of the two metals, and keep all the money in circulation among the people, whether it be gold and silver coins, or paper based upon them, equal in purchasing power, so that no discrimination will or can be made between those who receive silver or paper and those who receive gold. A great government should do nothing to discredit its own obligations or diminish

the value of the money in the hands of its citizens, nor should the people of a great country ever consent to the adoption of a policy, through experimental financial legislation or otherwise, which would vitiate the obligations of their contracts, interrupt the regular course of their business and destroy the foundations upon which their industrial and commercial systems have been constructed. The spirit of conservatism is still strong among our people, and, notwithstanding the delusive promises and selfish appeals that are now largely influencing their opinions in some parts of the country, the truth will ultimately prevail, and I have no doubt of the result when the time for final action comes.

Gentlemen, I thank you for your polite attention and for the opportunity you have given me to say something on this great subject to an audience of Southern men. We are all Americans, all citizens of the same great Republic, and while it endures the fortunes of the North, South, East and West will be bound indissolubly together. There can be no antagonistic interests, no prosperity in one section at the expense of another; but we must all stand or fall together. So believing, I have spoken to you to-day without reservation or exaggeration in behalf of that policy which, in my judgment, will most certainly promote the welfare and preserve the credit and honor of our whole country.

What Senator Brice says:

SENATE CHAMBER,
WASHINGTON, D. C., August 30, 95.

I have read with care the articles of Gen. Beatty in reply to "Coin's Financial School." They are terse and forcible, logical and clear. Starting with sound premises, he arrives at conclusions which can not be successfully controverted. They should have a wide circulation and thus aid greatly in the dissipation of the untenable views which are now being circuated in pamphlet and book form.

CALVIN S. BRICE.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
WASHINGTON, D. C., August 28, 1895.

Gen. John Beatty, Columbus, Ohio:

MY DEAR SIR—I have read the advance sheets of your reply to "Coin's Financial School" with much interest, and it affords me pleasure to say that, in my opinion, it is one of the best, if not the very best, publications yet made upon the subject. It is clear and accurate in its statements of fact, and logical in its conclusions.

Very truly yours,
J. G. CARLISLE.

COLUMBUS, O., August 30, 1895.

S. K. Donavin, Esq., Columbus, Ohio:

DEAR SIR—I have just finished reading Gen. John Beatty's Answer to "Coin's Financial School." It is one of the clearest, strongest, and most entertaining pamphlets that has appeared against the unlimited free coinage of silver at the ratio of 16 to 1 by this government alone. Those who have read Mr. Harvey's book should now read this answer to it. It clears away the mistatements, refutes the so-called arguments, and cuts up by the roots the appeals to the prejudices of "Coin's Financial School." The numerous pertinent facts presented by Gen. Beatty and his strong common sense way of putting things in favor of sound money, makes his little book of great value at this time. Very truly yours,

JOS. H. OUTHWAITE.

The following is the opinion of Gen. Charles H. Grosvenor, member of Congress from Athens district, on Gen. Beatty's answer:

OAKLAND, August 28, 1895.

"It is far and away the best thing of the kind that has so far appeared. It is in a shape to be read and understood, and is a complete reply to all the vagaries of 'Coin's Financial School.' It should go into the hands of every intelligent voter." Yours truly,

CHARLES H. GROSVENOR.

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